UNITED BANK FOR AFRICA
(TANZANIA) LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2024

UNITED BANK FOR AFRICA (TANZANIA) LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2024

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BANK INFORMATION

COMPANY SECRETARY	Irene Swai Zo Spaces Building, 9th & 10th Floors, Plot No. 4, New Bagamoyo Road, P.O. Box 80514, Dar Es Salaam, Tanzania
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Zo Spaces Building, 9th & 10th Floors, Plot No. 4, New Bagamoyo Road, P.O. Box 80514, Dar Es Salaam, Tanzania
BANKER	Bank of Tanzania 2 Mirambo Street P.O.Box 2939 Dar es Salaam Tanzania
AUDITORS	Ernst & Young Certified Public Accountants EY House Plot No. 162/1, Mzinga Way 14111 Oysterbay P.O. Box 2475 Dar es Salaam, Tanzania
TAX CONSULTANT	Inspire Consultants Limited Plot 136 Block 47 Mpakani B Kijitonyama P.O.Box 105505 Dar es Salaam

BRANCHES

Nyerere Branch
Plot 30C/30D Nyerere Road
Dar es Salaam, Tanzania

City Centre Branch
Maktaba Square
Dar es Salaam, Tanzania

Rufiji Branch
Julius Nyerere National Park
Rufiji, Tanzania

Mwanza Branch
Nyerere Road
Mwanza, Tanzania

Kariakoo Branch
Dar es Salaam, Tanzania

Dodoma Branch
Dodoma, Tanzania

Kijitonyama Branch
Dar es Salaam, Tanzania

Arusha Branch,
Plot No. 51,Block W, Sokoine
Road, Arusha

BANK INFORMATION (CONTINUED)

DIRECTORS

Director Names	Position	Nationality	Date of Appointment	Qualification
Amb. Tuvako N Manongi	Chairman	Tanzanian	14 Feb 2018	GDip in Maritime Admin, LL.B
Olugbenga Makinde*	Managing Director	Nigerian	07 Dec 2021	MBA in Business Administration
Farhiya Hersi Warsame	Director	Tanzanian	14 Jan 2019	BSc in Accounting
Ebele Ogbue	Director	Nigerian	15 Nov 2017	MBA in IT & Mngmnt, BSc in Accounting
Martin Mmari	Director	Tanzanian	1 Oct 2019	Bcom in Accounting, MBA in International Banking & Finance
Heri Bomani	Director	Tanzanian	22 Oct 2020	Bsc Economics in Banking & Finance
Alex Alozie	Director	Nigerian	17 June 2024	Bsc in Economics MBA
Franklin Erebor	Director	Nigerian	3 July 2024	Bsc in Economics MBA in Finance MPHIL in International Finance
Surajudeen Adeleke Adeyemi	Director	Nigerian	22 July 2024	Bsc Accounting MBA CPA CISA

*Executive Director

1. INTRODUCTION

The Governing Board members have pleasure to submit their report together with the audited financial statements for the financial year ended 31st December 2024, which disclose the state of financial affairs of United Bank for Africa (Tanzania) Limited (the "Bank").

2. INCORPORATION

The Bank was incorporated in Tanzania on 3rd June 2009 under the Companies Act 2002, as a limited liability company.

3. BANK'S VISION AND MISSION

The Bank's vision is to be the undisputed leading and dominant financial services institution in Africa. The Bank's mission is to be a role model for African businesses by creating superior value for all our stakeholders, abiding by the utmost professional and ethical standards, and by building an enduring institution.

4. PRINCIPAL ACTIVITIES AND PERFORMANCE FOR THE YEAR

The principal activity of the Bank is the provision of Banking and related services. The Bank is licensed under the Banking and Financial Institutions Act, 2006 and is regulated by the Bank of Tanzania ("BOT").

The Bank's customers and engagement approach
The Bank is centred at servicing a very diversified portfolio of customers ranging from governments, public entities, corporate customers, small and medium enterprises all the way to individual customers offering a full bucket of financial and investment and products.

The Bank operates in mainly 4 revenue generating units these represent the face of the Bank, these are: -

- Corporate Unit which is focused with corporate clients who have met specific set criteria.
- Public Sector and government agencies unit which is focused to not for profit making corporations and other public institutions.
- Retail Unit is for all other customers other than those prescribed above including SME and individual customers.
- Treasury unit which manages all other forms of arrangements not falling in the three mentioned units.

The distinction between the units is set to ensure the Bank always deploys the right strategy and avail the right resources to meet the requirements of the diversified customer portfolio and maintains maximum satisfaction across the different groups.

These profit centres are then assisted by 11 other support functions which are strategically positioned to ensure smooth performance of the above-mentioned revenue generating units. And these help to keep the Bank's service delivery channels up and running.

The Bank is committed to live up to its shared values and works in synchronise to provide customers with the best services through a straightforward business model anchored in diversification by business, geography, risk, and people, as well as a clear focus on our business strategy as we embrace the future by establishing ourselves in unbanked markets where we connect our customers to wider opportunities by continuing to develop our range of products and services, to meet ever changing customer's needs.

Service delivery channels
The Bank since inception has been evolving with the needs and requirements of the market, where it managed to open and run 8 branches in Tanzania (4 of them are in Dar Es Salaam while remaining are in different regions across the country) as a core channel.

We have also been operating through different alternative service delivery channels such as ATMs, Mobile Banking services, Online Banking services, agency Banking and many others to increase accessibility of our services.

5. CAPITAL STRUCTURE

The Bank's capital structure for the year under review is as follows:

Authorised

As at 31 December 2024, the Bank's authorised share capital is 10,000,000 shares of TZS 5,000 each.

Issued and fully paid

As at 31 December 2024, the Bank had issued and fully paid up shares of 6,284,067 (2023: 6,284,067) ordinary shares of TZS 5,000 each.

6. SHAREHOLDERS OF THE BANK

The total number of shareholders during the year 2024 was 4 (2023: 4 shareholders). The shares of the Bank are held as follows:

	2024		2023	
Name of the shareholder	Number of shares held	% holding	Number of shares held	% holding
United Bank for Africa Plc	5,159,116	82.09	5,159,116	82.09
Tony O. Elumelu	1	0.00	1	0.00
African Prudential Registrars Plc	963,750	15.34	963,750	15.34
Afriland Properties Plc	161,200	2.57	161,200	2.57
	6,284,067	**100.00**	**6,284,067**	**100.00**

7. CRITICAL ACCOUNTING POLICIES AND JUDGEMENTS

Results of the Bank are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the financial statements. When preparing the financial statements, it is the responsibility of those charged with governance under the Tanzania Companies Act 2002 to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent. The accounting policies that are deemed critical to our results and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of judgment involved, including the use of assumptions and estimation,

8. COMPOSITION OF THOSE CHARGED WITH GOVERNANCE

Those charged with the governance "the Board" of the Bank at the date of this report, who held office since 1 January 2024, except where otherwise indicated, are set out on Page 1.

9. CORPORATE GOVERNANCE

The Board of Directors ("the Board") comprises of 9 Directors. Where by Chief Executive Officer, holds an executive position at the Bank. The Board takes overall responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance and management of business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The appointments of those charged with governance are made on merit, and candidates are considered against objective criteria, having due regard to the benefits of the diversity of the Board. A rigorous selection process is followed in relation to the appointment of Directors.

The Board delegates the day-to-day management of the business to Chief Executive Officer who is assisted by senior management. Beyond attending Board meetings, senior management actively leads the effective control of the Bank's operations. They serve as a central hub, fostering communication and collaboration across all business units.

9. CORPORATE GOVERNANCE (CONTINUED)

During the year, the Board met six times as required by the Bank's policy.

The Bank is committed to the principles of effective corporate governance. The Directors also recognise the importance of integrity, transparency and accountability. The Board retains effective control over operations and has established committees to assist in providing detailed attention to specific areas of expertise. Board delegated authorities are reviewed regularly, and Directors have full access to Board and Committee documentation.

During the year the Board had the following board sub-committees to ensure a high standard of corporate governance throughout the Bank.

Board Audit Committee (BAC)

During the year the committee met four (4) times as per Bank's policy.

The purpose of the BAC includes among others:

(i) To assist the Board of Directors in fulfilling its oversight responsibility with regard to audit and control.

(ii) To monitor and assess the overall integrity of the financial statements and disclosures of the financial condition and results of operations of the Bank.

(iii) To monitor management's responsibilities to ensure effective systems of financial and internal controls are in place.

(iv) To assist the Board in discharging its responsibility on Information Technology (IT) as it relates to financial reporting and the status of the Bank as a going concern.

(v) To monitor and evaluate on a regular basis the qualifications, independence and performance of both the external auditors and the internal audit and control department.

Members of the Board Audit Committee as at the date of this report, who also served since 1 January 2024, except where otherwise stated, are as follows:

Name	Position	Nationality	Remarks
Martin Mmari	Chairman	Tanzanian	Attended four meetings
Farhiya Warsame	Member	Tanzanian	Attended four meetings
Heri Bomani	Member	Tanzania	Attended four meetings

Board Credit and Risk Management Committee (BCRMC)

During the first and second quarter of the year, the committee's responsibilities were discharged by the main board until 7th August 2024 where the Committee re-convened and met (2) times.

The purpose of the BCRMC includes among others:

- Discharge the Board's risk management responsibilities as defined in the Bank's risk policies in compliance with laws and regulations.
- Review and assess the integrity and adequacy of the overall risk management functions of the Bank.
- Review the adequacy of the Bank's capital and its allocation to the Bank's business.
- To assist the Board of Directors to discharge the responsibility to exercise due care, diligence and skill to oversee, direct and review the management of the credit portfolio of the Bank.
- To review and recommend to the Board for approval the Bank's credit policies and strategies.

9. CORPORATE GOVERNANCE (CONTINUED)

Members of the BCRMC as at the date of this report, who served since 7th August 2024, except where otherwise stated, are as follows:

Name	Position	Nationality	Remarks
Ebele Ogbue	Chairman	Nigerian	Attended two meetings
Adeleke Adeyemi	Member	Nigerian	Attended two meetings
Alex Alozie	Member	Nigerian	Attended two meetings

Board Governance and Finance Committee (BG&FC)

During the first and second quarter of the year, the committee's responsibilities were discharged by the main board until 7th August 2024 where the Committee re-convened and met (2) times.

The purpose of the BG&FC includes among others:

- Discharge the Board's responsibilities with regard to strategic directions and budgeting.
- Provide oversight on financial matters and the performance of the Bank.
- Review and approve the Bank's policies of a financial and general nature.
- Make financial and investment decisions within its approved limits on behalf of the Board.

Members of the BG&FC as at the date of this report, who served since 7th August 2024, except where otherwise stated, are as follows:

Name	Position	Nationality	Remarks
Franklin Erebor	Chairman	Nigerian	Attended two meetings
Adeleke Adeyemi	Member	Nigerian	Attended two meetings
Alex Alozie	Member	Nigerian	Attended two meetings

10. FINANCIAL PERFORMANCE

The Bank recorded a Loss before tax of TZS 3,971 million during the year (2023: Profit before Tax of TZS 8,835 million).

The Bank performance during the year was beneath the expectations; the Bank's earning assets to total assets stood at 70% (2023: 88%). The total loans to customers declined to TZS 33,768 million (2023: TZS 63,608 million) as a result of strategic slowdown in lending due to noted change in credit risk resulting from global economy disruptions as a result of middle Europe tension.

On the other hand, the Bank reported a decline in customer deposits to TZS 89,004 million (2023: increased to TZS 140,004 million). The decline is mainly in current and savings accounts which were utilized to liquidate some matured facilities which were foreign currency denominated to manage the volatilities in exchange rate observed during the year and anticipated to persist in the next year.

The industry on the other had maintained a steady growth Year-on-Year having reported a growth in Risk Assets at 32% and in terms of total assets with a 12% growth rate while deposits remain the same. The Bank reported earning assets to total assets at 70%. Industry structure in 2024 remained as 2023 where the top 2 Banks reported over 50% market share across multiple KPIs and the top 3 occupies over 75% market share.

The Banks performance in 2024 were highly impacted by the loan loss provision posted during year compared to prior year were the bank records profit. The bank is planning to turnaround the performance through strategic growth of earning asset book and mobilization of sufficient low-cost funds together with various operating costs optimization measures including process re-engineering, recoveries and numerous operation enhancements measures to be deployed.

11. CASH FLOW PROJECTION

Taking up from trend of the last 5 years where the Bank managed to report stable net cash inflow position from operating activities it further plans to maintain the momentum. Future cash flows of the Bank will mostly be generated from customer deposits (more current and savings accounts).

The Bank will continue to strategically deploy different strategies to mobilize deposits from various business segments and sectors by providing pre-eminent transactions and payment solutions together with various new strategies to reach the unbanked population.

Strategic deployment and of funds and proper management and monitoring of our investments are the biggest pillars to guaranteed stable cashflow streams to meet the requirements of the Bank.

The Bank strategically budgeted for over double the balance sheet size by end of 2024 through deployments in various high yielding and well diversified assets which will be financed again by a diversified funding sources to meet the cashflow needs. Regional footprints give our Bank a competitive advantage when it comes to sourcing and deployments as this can be done through synchronized approach which considers the best alternative across the group. Improvements in service delivery channel positions the Bank in a region where customers and counterparts can transact easily and efficiently which will also promote flow of funds.

11. LIQUIDITY

The Bank places strong emphasis on management of liquidity risk and there is a regular periodical cash flow projection process handled by the Asset and Liability Management Committee (ALCO) to ensure the Bank holds sufficient liquid assets to enable it to continue with normal operations. The Board Credit Risk Management Committee (BCRMC) and management's Assets and Liabilities Committee (ALCO) also monitor the Bank's exposure to liquidity risk by ensuring that limits are set based on realistic assumptions. The committees track compliance on quarterly and monthly basis. The Bank's main sources of liquidity are deposits, shareholders' funds, and interbank takings.

The Bank managed to consistently maintain liquidity ratios way above the regulatory ratios and have then made some deliberate strategies to optimize the balance sheet which have helped largely in creating an optimal balance between assets and liabilities given their maturity profiles.

12. KEY PERFORMANCE INDICATORS

The following key performance indicators (KPIs) are deemed effective in measuring the delivery of the Bank's strategy and managing the business. All of these are derived from reported financial results prepared in compliancy to IFRS Accounting Standards as issued by the International Accounting Standards Board requirements and that no new KPI was included or non was omitted from the ones reported in prior year.

Key Performance Indicator	Definition and Formula	2024	2023
Return on Equity	(Net profit/Total equity) *100%	-20%	23%
Return on Assets	(Profit Before Tax/Total assets) *100%	-3%	4%
Operating expenses to Operating Income	(Operating expense/Net interest income + non-interest income) *100%	76%	63%
Gross loans to customer deposits	(Gross loans to customers/Total deposits from customers) *100%	42%	46%
Growth in customer deposits	(Increase in customer deposits/Opening balance of customer deposits) *100%	-38%	-7%
Non-performing loans to total loans **	(Non-performing loans/Gross loans and advances) *100%	22%	24%
Growth in loans and advances to customers	(Increase in Loans and advances /Opening balance of loans and advances) *100%	-47%	-6%
Growth in total assets	(Increase in assets for the year/Total asset opening balance) *100%	-24%	-15%
Tier 1 Capital ratio	(Core capital/Risk weighted assets including off balance sheet items) *100%	30%	19%
Total Capital ratio	(Total capital/Risk weighted assets including off balance sheet items) *100%	30%	19%
Earnings per share	Profit attributable to equity shareholders/ Number of ordinary shares in issue (TZS)	-0.89	1.23

13. KEY PERFORMANCE INDICATORS (CONTINUED)

How we are positioned to attain the set KPIs:

- Review and improvement of our products to ensure they meet needs of our customers and increase demand for the same.
- Branch operations which are well aligned to our re-engineered operating model placed to fit service demands, increase productivity and improve controls.
- Keeping the innovation and transformation culture programs to align our workforce which is centered to deliver targeted milestones.
- Keep promoting learning, development and accelerated capacity building socially and professionally.
- Well-coordinated Headquarter and branch operations.
- Promoting more innovative, convenient and effective service delivery channels
- Material improvement to the Bank's infrastructure and working tools to simplify and improve SLAs and TATs.

14. PRINCIPAL RISK, UNCERTANTITIES AND OPPORTUNITIES/MITIGATIONS

Principal Risk	**Context**	**Opportunities/Mitigations**
Credit Risk	Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the institution.	The Bank has several mitigation strategies for managing credit risks across the bank i.e., policies, process, and procedure as well as Segregation of duties, thus; Origination, Administration, Monitoring, and reporting to executive credit management committee any credit risk related matters for management attention and ensure quality of credit portfolio
Liquidity Risk	Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable cost or loses. Moreover: includes inability to manage unplanned decreases or changes in funding sources. Liquidity risk also arises from the failure to recognize or address changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.	The Bank has Liquidity Risk Management framework which provide guideline for liquidity planning and assessment of the potential future liquidity needs considering various possible changes in economic, market, political, regulatory, and other external or internal conditions, in a consistent manner. The framework also including an assessment, monitoring, and reporting of all applicable liquidity risks associated with managing on and off-balance sheet assets and liabilities, as well as ensuring that all outflows are adequately, and proactively identified and appropriate level of inflows sourced to provide the necessary liquidity cover. Exceptional cases are being escalated daily and monthly through Assets and Liability committee (ALCO)
Market Risk	The risk of fair value or cash flow of financial instruments will fluctuate due to changes in market variables such as interest rate, foreign exchange rate and equity price. The overall objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.	The Bank follow three lines of Defence to manage Market Risk internally, thus; Treasury who are the first line of defence and subject experts on trading and the Asset and Liability Management matters, Treasury operations who support treasury and ensure process are being followed end to end and lastly; Risk management (Market Risk) who are independently monitoring and report on market risk daily and at the management levels i.e., Assets and Liability committee (ALCO) where all Market risk matters are being highlighted Bank
Compliance Risk	Compliance risk is the current or prospective risk to earnings, capital and reputation arising from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices, or ethical standards, as well as from incorrect interpretation of relevant laws or regulations. The Bank is exposed to Compliance risk due to relations with a great number of stakeholders, e.g., regulators, customers, counter parties, as well as tax authorities, local authorities, and other authorized agencies hence Compliance Risk Management.	The Bank has an effective measurement, monitoring and Management of Compliance risk, thus; policy, process and procedures for self-assessments, compliance indicators, training, awareness as well as regular legal reviews on internal products and services, and their relevant documentation to ensure that all contracts are in conformity with laws and regulations. Moreover. All compliance related matters are being escalated to the special monthly Compliance Risk Management Committees and exception cases are being escalated to Executive Management Committee which is conducted weekly and to the Board for the one that need Board attention on quarterly

14. PRINCIPAL RISK, UNCERTANITIES AND OPPORTUNITIES/MITIGATIONS (CONTINUED)

Principal Risk	Context	Opportunities/Mitigations
Operational Risk	Operational risk is the current and prospective risk to earnings and capital arising from inadequate or failed internal processes, people, and systems or from external events.	The Bank has Operational Risk policy and Manual which provides guidelines for the identification, assessment, controlling, monitoring, measuring reporting and management of Enterprise-wide operational risks and along the business lines. The process is comprehensively enough to defines to define end-to-end methodologies in the management of Operational Risk Exposures across the Bank. It is also providing guidelines for all other stakeholders (Board of Directors, Internal Audit, Strategic Business Units, Strategic Support Units and all employees, External Auditors and Regulators) on the Bank's overall approach for managing Operational Risk (OR) with the key target of ensuring that; all stakeholders are rightly guided in the day-to-day management of operational risk as well as the Approach.
Strategic Risk	Strategic risk is the current and prospective impact on earnings, capital, reputation, or good standing of an institution arising from poor business decisions, improper implementation of decisions or lack of response to industry, economic or technological changes. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve these goals, the resources deployed to meet these goals and the quality of implementation. The risk arises from two main sources: external and internal risk factors.	The Bank has the Strategic Management policy which guide the overall Strategic Risk management of the Bank and the risk management lie with the Board of Directors and senior management as the Strategy developed by the Management and reviewed by the Board aiming to ensure that the strategy plan reflects the Bank's defined vision and mission statements and aligned to the Bank's core values and Risk are managed accordingly.
Climate risk	The Bank recognizes climate change as a source of potential financial losses (risks). These risks affect all the standard risk areas (credit, liquidity, market, and operations) but are managed due to their widespread impact.	The Bank has made good progress on considering climate change in its risk management. We have set risk tolerance levels, adjusted our models to account for climate impacts on borrowers, and trained our staff.

15. DIRECTORS' INTEREST

The Directors of the Bank do not hold any material interest in the issued and paid-up share capital of the Bank.

16. MANAGEMENT

During the period under review, management of the Bank was under the Managing Director, assisted by the following:

- Chief Finance Officer;
- Company Secretary/Head of Legal;
- Chief Risk Officer;
- Head Corporate Banking;
- Head Public Sector and Institution Banking;
- Head Retail Banking
- Chief Operating Officer;
- Chief Credit Officer;
- Head Treasurer;
- Head Human Resources;
- Head Audit;
- Head Corporate Services,
- Head Compliance;
- Head Internal Control; and
- Head Marketing and Corporate Relations

17. FUTURE DEVELOPMENT PLANS

The Bank will continue to improve its financial performance through the introduction of innovative products, measured expansion to new regions, focus on value-added customer services and carefully managing risk.

Additional capital will be introduced as necessary to ensure the Bank is adequately capitalised and that depositors' funds are protected.

The focus on improving productivity and business efficiency will continue until the Bank achieves the goals set for business.

18. RISK MANAGEMENT AND INTERNAL CONTROL

As the Bank continues to scale up its operations, it is also ensuring that the resultant commercial and operational risks are mitigated through enforcement of appropriate policies and procedures. The Bank's activities expose it to a variety of financial risks including credit, liquidity, market and strategic risks. The Bank's overall risk management policies are set out by the Board of Directors and implemented by management. These policies involve analysis, evaluation, acceptance and management of some degrees of risks or a combination of risks. More details on financial risks are covered in Note 5 of these financial statements.

19. GOING CONCERN

The financial statements have been prepared on a going concern basis. The Bank has reported a loss of TZS 3,971 million (2023: Profit of TZS 8,835 million), and hence accumulated losses stood at TZS 38,087 million (2023: TZS 37,795 million).

The financial statements have been prepared on a going concern basis based on continuity of shareholders' financial support that may be required by the Bank in the foreseeable future in the form of funding for capital expenditure and working capital. Recent performance of the Bank has demonstrated capacity to increase the working capital through profitability except for 2024 were the bank recorded loss. Based on the foregoing, the Directors believe that the Bank will remain a going concern in the foreseeable future.

20. SOLVENCY

The Board confirms that applicable accounting standards have been followed and that the statement of affairs of the Bank as at 31 December 2024 set out in page 22 have been prepared on a going concern basis. The Directors consider the Bank to be solvent within the meaning ascribed by the companies Act, 2002.

21. DIVIDENDS

The Directors do not recommend payment of dividend for 2024 (2023: Nil).

22. EMPLOYEES' WELFARE

The Bank pays contributions to publicly administered pension plans on mandatory basis which qualifies to be a defined contribution plan. The total number of employees at the year-end was 128 (2023: 143), of these, 68 were female and 60 were male (2023: 69 females and 74 male).

Relationship between management and employees

There was continued good relations between employees and management for the year 2024. There were no unresolved complaints received by management from the employees during the year.

The Bank is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind.

22. EMPLOYEES' WELFARE (CONTINUED)

Training

During the year the Bank spent TZS 65 million for training of its staff (2023: TZS 8 million). Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. This has been complimented by the online platform (UBA Ignite) to enhance skills development for staff at various levels. All employees received training to upgrade skills and enhance productivity.

Staff loans and advances

The Bank provides staff personal loans to enable them to overcome financial needs and promote their economic development. Staff loans are based on specific terms and conditions approved by the Board of Directors. The outstanding staff loan balance at year end was TZS 340 million (2023: TZS 589 million).

Medical assistance

Our employees are provided with medical insurance through a defined contribution plan. Currently, these services are provided by Strategies Insurance (Tanzania) Limited. There is also a separate group life assurance cover for all staff.

Health and safety

The Bank has a separate administration and security department which ensures that a culture of safety always prevails. A safe working environment is ensured for all employees and contractors by providing adequate and proper training and supervision as necessary.

Financial assistance to staff

Loans and advances under various schemes are available to all confirmed employees depending on the assessment and discretion of management as to the need and circumstances as per the Bank's Human Resources (HR) policy approved by the Board. This is to assist in promoting the welfare of employees.

Persons with disabilities

Applications for employment by persons with disability are always considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Bank continues, and appropriate training is arranged. It is endeavoured that training, career development and promotion of persons with disability should be identical to that of other employees.

23. POLITICAL AND CHARITABLE DONATIONS

The Bank contribute the 28 boxes of sanitary pads to schools being charitable donations during the year amounted to TZS 0.610million (2023: Nil)

24. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank participated in corporate social responsibility activities by distributing 400 literature books in Dar es Salaam under "Read Africa" which this is UBA initiative across Africa (2023: distributing 400 literature books).

25. ENVIRONMENT

Environmental conservation remains to be the key issue of priority that need to be focused to combat climate change and global warming. The bank emphasised on paperless operations in 2024 to minimize the use of papers where possible

26. RELATED PARTY TRANSACTIONS AND BALANCES

Details of transactions and balances with related parties are disclosed in Note 31 to the financial statements.

27. SERIOUS PREJUDICAL ISSUES/MATTERS

For the financial year 2024, there were no serious legal issues which could have affect the Bank.

28. MAJOR FINANCING TRANSACTIONS

There was no major financing transaction during the year (2023: Nil).

29. STAKEHOLDER ENGAGEMENT

The table below shows, material issues in the year 2024, it also shows our commitments and responses to the identified issues.

Stakeholder	Material Issue raised	UBA Responses
Employees	• Employee development and career growth • Women empowerment inclusion and work life balance	• Reviewed employees' engagement process to ensure that all employees are carried along on career development process. • Improved staff engagement to ensure UBA Tanzania is good place to work. • Drive staff career growth through promotion, several staffs were promoted during the year 2024.
Customers	• Credit turnaround time • Digital platform uptime • Branch network in Tanzania	• Service level Agreement (SLA) optimization, all Bank processes have clearly defined SLAs that ensure we provide our customers with the exceptional experiences. • Continuous improvements of the digital Bank platform by increasing IT investment to ensure uptime of the digital products. • The Bank is continuing to implement Branch expansion, in financial year 2024 the Bank operated with 8 branches.
Suppliers	• Fair assessment of selection process for vendors, pricing, and payment terms.	• An enhanced vendor selection and assurance team to improve procurement process which includes accreditation and review of vendors and contractors. • Period price checks and vendor reviews are conducted in addition to vendor rating by relevant committee of the Bank.
Shareholders/ Investors	• Increase wealth creation and shareholders engagements	• Annual General Meeting (AGM) was held virtually and physically for some members in 2024. • The Bank continues to report Loss which increase shareholder's value.
Regulatory authorities	• Zero breach on regulatory compliances • Good relationship with the regulators	• Regular communication with the Bank of Tanzania and other regulators and • Engagements with Tanzania Revenue Authority tax mattes and specifically relating to the Bank.
Government	• More interaction with the Governments for good relationship and business opportunities	• Regular interactions through the office of Managing Director, Market and Corporate Communication and Public-Sector unit.
Media	• Communication to the stakeholder through media	• Interactions via emails, phone messages, press release, local Television, UBAredtv, radio, new papers; and blogs to create brand awareness and reach our target audience.

30. DISCLOSURE REQUREMENT FOR SUSTAINABILITY RELATED AND OPPORTUNITIES FOR BANKS AND FINANCIAL INSTITUTIONS AND CLIMATE RELATED RISKS

a. Sustainability Related and Opportunities for Banks and Financial Institutions Disclosure

United bank for Africa Tanzania Limited is committed to the highest sustainability standards in our business practices and operations. We are at the forefront of consistently delivering sustainable financial services in Tanzania and across all our regions of operation. The Bank's strategic intent is to commit part of the profit generated to its Corporate Social Responsibility (CSR) activities geared towards protecting the integrity of the environment, promoting educational endeavours, fostering economic empowerment, as well as supporting other sustainable projects.

The focus is to enable activities that support the Paris Agreement, and the United Nations Sustainable Development Goals (SDGs). Our sustainability strategy ties closely to our corporate vision which is to be the undisputed leading and dominant financial services institution in Africa. This corporate vision is the backdrop for our sustainability vision which focuses on promoting excellence by building a sustainable financial institution that supports the execution of environmentally and socially responsible endeavours.

The Bank's sustainability vision is wrapped tightly around UBA commitment to put the customer first we see the customer as our most revered stakeholder and our employer. Therefore, our responsibility is to provide sustainable financial intermediation, empower communities, connect diverse ethnicities, and create intergenerational wealth.

Sustainability is a key component of UBA's management processes, it underpins our corporate values of Enterprise, Excellence, and Execution. The UBA's sustainability policy and framework capture our sustainability targets.

Our policies and frameworks are based on local and international principles and guidelines issued by central Bank as Guideline on Reporting of sustainability related risks and Opportunities for banks and financial Institutions, 2025, International Sustainability Standards Board (ISSB) IFRS S1 and S2, and others. These guidelines enable the Bank's processes and serve as the compass that guides us in identifying and addressing issues critical to our stakeholders

Principal Risk	Context
Board Responsibilities	Responsibilities for sustainability related risk and opportunities for the bank has been vested to Board Credit and Risk Management Committee and assigned to Risk management unit for daily operations The Board review and approval the implementation of the Banks environmental sustainability and social risk management policy. The Board receive periodical updates regarding environmental sustainability activities conducted by the bank for reviews/assessment and recommendations The Board review and approval Implementations of other policies related to sustainability risks and opportunities for banks Including credit Policy, Staff handbook, Operational Risk Management Policy, Safety and Physical Security Management Policy, Social and Environmental sustainability and social Risk Management etc Review and approval for major contractual commitments with expenditure amount as specified in the expenditure empowerment document. Review and approval for major Credit commitments with the exposure limit amount as specified in the credit empowerment document. Review and approval the management engagements to ensure required skills are onboarded for the key roles of the bank
Senior Management Responsibilities	Risk and Management Committee (RMC) has been responsible for reviewing and monitoring sustainability risk related and opportunities for the bank. RMC convene on monthly basis and report the key observations and resolutions to the executive committees. Chief Risk Officer is responsible for the implementation of the developed sustainability related risk and opportunities for the bank policy and ensure compliance. The

<table>
<tr><td></td><td>responsibilities also extend to periodical reviews in line with the market, regulatory and environmental changes</td></tr>
<tr><td>Banks Strategy</td><td>The bank has put strategy in place to penetrate in the key business sectors mainly tap the business opportunities while ensuring risk diversifications.

The bank strategy has included the mandate to ensure effective Information system and Operational controls are implemented and executed.
Training provision is party of the bank’s strategy whereby there has been in place quarterly Security awareness training, sustainability training on sustainability related risks and opportunities, climate related risk management, credit related training, mental health training etc.

Strategy for the bank ensuring filling up of all vacant position with required potential skills and ensure wellbeing of the staff to manage the business at all times by including various social engagement activities in the strategy is Jogging to Bond</td></tr>
<tr><td>Risk Management Process</td><td>UBA’s risk management strategy is based on an embedded risk management process starting from the strategy formulation level to the business unit decision-making stage. One of the objectives, as encapsulated by the bank’s Enterprise Risk Management policy, is to evaluate the strategic risks faced by the UBA in the continuously evolving environment. This all-round approach means we have assessed the sustainability-related risks and opportunities associated with UBAs business, which include:
Measuring Our Risks: We have established a procedure in our the first point in our credit assessment process to ensure that credit offered are in line with sustainability principals.
Risk Appetite and Enterprise Risk Management Framework: We have embedded ESG risk in our bank Risk Appetite and Tolerance Policy and Environmental and Social Risk has been integrated into our Enterprise Risk Management Framework
Reporting: Ensuring we report our ESG data clearly and disclose our sustainability-related risks and opportunities in line with best practices
We plan on improving in areas of scenario analysis and modelling. We view implementation of strategic methods for carbon footprint reduction and carbon offsetting as crucial going into 2025.

Customer’s Engagement
Management conduct Customer’s survey in 2024 to identify various areas of improvement to enhance customer satisfaction by KPMG whereby:
Retail Banking: The Customer Satisfaction Score improved from 64% in 2023 to 67% in 2024, the Net Promoter Score improved from -5 in 2023 to +22 in 2024 and the Customer Effort Score had remained stagnant at 2 in both 2023 and 2024.

SME Banking: The Customer Satisfaction Score dropped from 59% in 2023 to 37% in 2024, the Net Promoter Score improved from -22 in 2023 to 0 in 2024 and the Customer Effort Score improved from 2 in 2023 to 1 in 2024.

Corporate Banking: The Customer Satisfaction Score dropped from 69% in 2023 to 52% in 2024, the Net Promoter Score improved from 18 in 2023 to -5 in 2024 and the Customer Effort Score was stagnant at 2 in both 2023 and 2024.
Community Engagement
A donation of 28 Sanitary pad Boxes amounted to TZS 600mn was made to Kisutu secondary school.
About 400 Literature books were distributed to various Schools during the year in line with read Africa Program
Staff Engagement
TZS 340mn was outstanding staff loan balance to employees in 2024 vs. TZS 589mn in 2023.
A total of TZS 65 million was spent on Various training in 2024 vs TZS 8 million in 2023
The total number of sustainability training conducted was 1 in 2024, with specific training on ECG; Compared to Nil Training in 2023.
Women Empowerment
Females on board level membership to 11% in 2024 from the 17% in 2023.
53% of the total staff in UBA Tanzania are female employees in 2024, an increase from 48% in 2023</td></tr>
</table>

	• Females at the senior management level in UBA Tanzania increased to 57% in 2024 from 50% in 2023.
Disclosure of Metrics	Disclosure has been made in consideration of Central bank guideline and IFRS requirement. Whereby we used both qualitative and quantitative Metrics. Some of our Metrics has been validated by independent party Financial Inclusion and Capacity Building'. Facilities that has been extended to promote small business by the bank including: Loans and Advances:

	2024		2023	
Outstanding Balance	Count	Amount	Count	Amount
SME Lons	3	300	2	200
Consumer Loans	603	16,131	776	25,870

	2024		2023	
Past Due and Non-Performing	Count	Amount	Count	Amount
SME Lons	1	3	-	-
Consumer Loans	197	3,044	89	565

Freedom Saving account is a retail checking account whereby in 2024 6 account opened 2,263 with balance of TZS 276Mn (2023 1,996 accounts with balance of TZS 547Mn)

ESG analysis has been ensured during onboarding process of customer documentation stage and analysis being processed

In the year 2024 there where one fraud attempts which was not finally successfully and hence Nil momentary loses (2023 Nil fraud Nil momentary Loses)

The bank has put in place a Whistleblowing Policy aimed at addressing the following issues:

- Encourage well-meaning employees, management, directors, depositors, service providers, creditors and other stakeholders of the Bank feel confident in raising serious concerns in the workplace, particularly with respect to issues bordering on corporate governance, as well as Code of Professional Conduct and Ethics.
- Provide avenues by which these concerns could be raised without fear of reprisals.
- Provide adequate processes and procedures which would be followed to investigate and dispose of the concerns raised.
- Provide feedback on actions taken by management.
- Submit quarterly report to the Board.
- The bank has put in place whistleblowing contact numbers and email addresses to be used when 'blowing

Management has developed 5 years strategy and the capital pan that ensures compliance with the required regulatory ratios.

a. Climate-Related financial Risk Management Disclosure

United Bank for Africa Tanzania Limited as a responsible organisation, ensures the management of environmental and social risks that might be exposed to the organisation in the course of the daily operations in relation to the whole society.

Climate change poses immediate and long-term threats to the environment, human health, economic stability, and biodiversity. It contributes to disruptions in ecosystems, impacting communities worldwide. Urgent action is needed to mitigate these risks, reduce greenhouse gas emissions, and adapt to changing conditions for the well-being of current and future generations.

UBA's climate change strategy and approach to addressing climate change-related risks and opportunities involves adopting environmentally sustainable practices, reducing carbon footprint, supporting green finance initiatives, and integrating climate resilience into risk management and investment decisions. This strategy aligns with global climate goals, the Paris Agreement on climate change, and our ambition to achieve net-zero in our operations, demonstrating the bank's commitment to addressing environmental challenges and fostering sustainable financial practices

Item	Context
Roles and Responsibilities of the Board and Senior Management	Responsibilities for Climate-related risks and opportunities has been vested to Board Credit and Risk Management Committee and assigned to Risk Management unit for Daily Operations Policy document regarding Climate related Risk and Opportunities has been put in place to guide the management Training to all staff regarding Climate related risk and opportunities was conducted during the year Strategies are in place to ensure Continues training and awareness regarding Climatic related Risk Management and Opportunities to all Management and staff at least twice in the year.
Strategy on Climatic related Risks and Opportunities	Strategy regarding Climate change awareness has been put in place in form of trainings Strategies regarding Continuous review of the Product papers to reflect the market demand dynamics has been put in place Process automation strategies which is the ongoing long term strategy to ensure minimize the use of physical papers
Climate Related Risk Management	Internal Limits regarding Credit Exposure to different sectors has been put in place Product program has been launched to deal with agricultural support to SME Sector. Perioding review of the market dynamics and requirement are ongoing. As an environmentally friendly institution, the Bank in 2024 continue to avoid document burning or burying or abandoned to decompose in order to avoid environmental pollution. All our bank operations including 8 branches and 16 ATMs use electricity as the primary source of power in 2024 the same applied in 2023

Metrics and Targets

In 2024, the bank has continued to commit to disclosing its metrics and targets which showcase its drive to mitigate sustainability and climate related risks and maximize its opportunities. Below are our high-level ambitions.

- Becoming a net zero bank: Be net zero in our operations and supply chain by 2060 or sooner
- Aligning Lending and Financing emissions to net zero by 2060 or sooner; Align our financed emissions to achieve net zero by 2060 or sooner.
- Promote new climate solutions: Promote the transformation of sustainable infrastructure and create a pipeline of bankable projects.

31. AUDITORS

The auditors, Ernst & Young, having expressed their willingness, continue in office in accordance with Section 170(1) of the Companies Act, 2002.

Ernst & Young
EY House, 162/1, Mzinga Way street, Oysterbay,
P. O. Box 2475, Dar es Salaam, Tanzania
Office: +255 22 292 7868 | Fax: +255 22 292 7872,
Website: http://www.ey.com
Firms' registration Number:151, TIN number: 100-149-222

32. RESPONSIBILITY OF THE AUDITORS

The Auditor is responsible to provide assurance of the correctness and consistency of each and every information contained in the report by those charged with governance with those provided in the financial statements.

33. STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

It is the responsibility of the those charged with governance to prepare financial statements of the Bank which show a true and fair view in accordance with applicable standards, rules, regulations and legal provisions.

This responsibility covers the period from the beginning of the financial year to the date those charged with governance approve the audited financial statements and it covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements.

Amb. Tuvako Manongi	Olugbenga Makinde
Board Chairman	Managing Director
04/04/2025	

DECLARATION BY THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2024

The Companies Act, No.12 of 2002 of Tanzania requires those charged with governance to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of its financial results for the year then ended. It also requires those charged with governance to ensure that the Bank keeps proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

Those charged with governance are responsible for the preparation of the financial statements that give true and fair view in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania, the Banking and Financial Institution Act 2006, the National Board of Accountants and Auditors Technical Pronouncements and for such internal controls as those charged with governance determine are necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Those charged with governance accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies Act, 2002 of Tanzania, the Banking and Financial Institution Act, 2006 and the National Board of Accountants and Auditors Technical Pronouncements. Those charged with governance are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of its financial results. Those charged with governance further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of those charged with the governance to indicate that the Bank will not remain a going concern for at least the next twelve months from the date of this statement.

Amb. Tuvako Manongi	Olugbenga Makinde
Board Chairman	**Managing Director**
04/04/ 2025	

DECLARATION BY THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2024

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a statement of declaration issued by the Head of finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of a Bank showing true and fair view position of the Bank in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Director's responsibilities statement on an earlier page.

I, **Fina Andrew**, the Acting Chief Finance Office of United Bank for Africa (Tanzania) Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Signed by: Fina Andrew
Position: Acting Chief Finance Officer
NBAA Membership No: ACPA 4563

04/09/2025

INDEPENDENT AUDITOR'S REPORT
To the shareholders of
United Bank for Africa (Tanzania) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of United Bank for Africa (Tanzania) Limited (the "Bank") set out on pages 25 to 89, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania and the Banking and Financial Institutions Act, 2006 of Tanzania.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank accordance with the National Board of Accountant and Auditors' Code of Professional Conduct for Registered Auditors (NBAA Code) and other independence requirements applicable to performing audits of financial statements of the Bank in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the NBAA Code and in accordance with other ethical requirements applicable to performing audits of the Bank and in Tanzania. The Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
To the shareholders of
United Bank for Africa (Tanzania) Limited

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Credit risk and impairment of loans and advances to customers</td></tr>
<tr><td>As at 31 December 2024, the expected credit losses on financial assets at amortised cost is TZS 9,856 million (2023: TZS 1,586 million). This represents the estimation of expected losses at the year end.

The determination of appropriate provisions for impairment is a key audit matter as it requires management judgement, is subject to estimation uncertainty and relies on available data. Areas which involve judgement and estimates included determination of probability of default (PDs), exposure, loss given default rate (LGD) amount given default (EAD) and ascertaining of future cash flows which the Bank will obtain when realizing the assets pledged as collaterals.

There is a risk that the provision for impairment of financial assets does not represent a complete and accurate estimate of expected losses and that the carrying value of these items is misstated. This includes the risk that the ECL model is not in compliance with IFRS 9.

The accounting policy and key sources of estimation uncertainty in relation to financial assets expected credit losses are disclosed in Note 5 to the financial statements and impairment provision has been disclosed in Note 9 and 20.</td><td>Our audit procedures included:

• Performed an assessment of the Bank's provisioning methodology and compared it with the requirements of IFRS 9.

• Reviewed the application of the business model to existing portfolios and reviewed the results of the Solely Payments of Principal and Interest test for relevant financial instruments.

• Evaluated the design and operating effectiveness of the Bank's controls and IT controls around credit management, ECL model and provision assessment. Tested key controls over completeness and accuracy of data inputs to loan loss provisioning.

• Assessed Management's assumptions in relation to ''significant increase in credit risk' and the allocation of loans to the three stages. We tested a sample of loans to ensure that they have been included in the correct stage in accordance with the Bank's methodology and IFRS 9.

• Recomputed the probability of default and loss given default applied in computing the ECL by verifying all parameters with relevant supporting evidence.

• Reviewed the adequacy of IFRS 9 and 7 disclosures for compliance with the requirements relating to IFRS 9.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
To the shareholders of
United Bank for Africa (Tanzania) Limited

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 1 - 19 document titled "United Bank For Africa (Tanzania) Limited", which includes the Directors' Report as required by the Companies Act, 2002 of Tanzania, Corporate Information, Corporate Governance Statement and Directors' Responsibilities, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act , 2002 of Tanzania, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT (Continued)
To the shareholders of
United Bank for Africa (Tanzania) Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
To the shareholders of
United Bank for Africa (Tanzania) Limited

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

This report, including the opinion, has been prepared for, and only for, the Bank's members as a body in accordance with the Companies Act, 2002 of Tanzania and for no other purposes.

As required by the Companies Act, 2002 of Tanzania, we report to you, based on our audit, that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books.
- The Directors' Report is consistent with the financial statements.
- Information specified by law regarding directors' remuneration and transactions with the Bank is disclosed; and
- The Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

As required by the Banking and Financial Institutions (External Auditors) Regulations, 2014 of Tanzania, we report to you, based on our audit, that.

- In our opinion, the capital adequacy ratios as presented in Note 6 to the annual financial statements have been computed in accordance with the Banking and Financial Institutions Act, 2006, and the Banking and Financial Institutions (Capital Adequacy) Regulations, 2023 of Tanzania.

  Section.5 of the regulation requires TZS 15 billion as the minimum core capital for Commercial Banks. As at 31 December 2024 United Bank for Africa (Tanzania) Limited reported core capital amounting to TZS 21,556million (2023: TZS 21,966 million (Noted 6).

The engagement partner on the audit resulting in this independent auditor's report is Joseph Sheffu.

Joseph Sheffu - (FCPA 867)
For and on behalf of
Ernst and Young
Certified Public Accountants
Dar es Salaam, Tanzania

Date 4th **April 2025**

UNITED BANK FOR AFRICA (TANZANIA) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 TZS '000	2023 TZS '000
Interest income[1]	7	22,348,550	20,852,306
Interest and similar expenses[1]	8	(8,899,380)	(5,440,115)
Net interest income		**13,449,170**	15,412,191
Impairment charges	9	(10,306,483)	(1,745,213)
Net interest income after impairment charges		3,142,687	13,666,978
Fee and commission income	10	6,267,977	7,226,063
Other income	11	6,211,992	6,094,733
Non-interest revenue		12,479,969	13,320,796
Employee benefits expenses	12	(9,459,742)	(8,044,059)
Administrative expenses	13	(10,032,235)	(10,042,867)
Finance expenses	29	(101,241)	(65,359)
Operating expenses		(19,593,218)	(18,152,286)
(Loss)/Profit before income tax		(3,970,562)	8,835,488
Income tax charge	14	(1,620,869)	(1,072,830)
(Loss) /Profit for the year		(5,591,431)	7,762,657
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(5,591,431)	7,762,658

[1] *Calculated using the effective interest rate method.*

UNITED BANK FOR AFRICA (TANZANIA) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 TZS '000	2023 TZS '000
Assets			
Cash and balances with Bank of Tanzania	15	34,695,163	23,808,067
Placements and balances with other banks	19	-	3,684,315
Loans and advances to customers	20	33,767,908	63,608,546
Investment securities at amortised cost	16	71,559,610	77,522,558
Other assets	17	4,811,222	24,807,309
Property and equipment	22	3,034,338	3,467,659
Right-of-use assets	28	2,626,065	1,032,911
Intangibles	23	214,098	79,525
Total assets		**150,708,404**	**198,010,890**
Equity			
Ordinary share capital	18	31,420,335	31,420,335
Share premium	18	29,103,635	29,103,635
Accumulated losses		(38,087,259)	(37,795,192)
Regulatory reserve		5,430,695	10,730,058
Total equity		**27,867,406**	**33,458,836**
Liabilities			
Deposits due to banks	24	26,413,080	15,518,822
Deposits due to customers	25	87,065,812	140,004,117
Other liabilities	26	6,374,214	7,065,345
Income tax liability	14	779,379	1,171,485
Lease liability	29	2,208,513	792,285
Total liabilities		**122,840,998**	**164,552,054**
Total equity and liabilities		**150,708,404**	**198,010,890**

The financial statements were approved and authorised for issue by the Board of Directors and signed on its behalf by: -

Amb. Tuvako Manongi
Board Chairman

Olugbenga Makinde
Managing Director

04/04/2025

UNITED BANK FOR AFRICA (TANZANIA) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share Capital (note 18)	Share Premium (note 18)	Accumulated losses	Regulatory Reserve*(Note 36)	Total Equity
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
At 1 January 2023	31,420,335	29,103,635	(39,924,944)	5,097,153	25,696,179
Total comprehensive income for the year	-	-	7,762,657	-	7,762,657
Transfer to regulatory reserve*	-	-	(5,632,906)	5,632,906	-
At 31 December 2023	31,420,335	29,103,635	(37,795,193)	10,730,059	33,458,836
At 1 January 2024	31,420,335	29,103,635	(37,795,193)	10,730,059	33,458,836
Total comprehensive loss for the year	-	-	(5,591,430)	-	(5,591,430)
Transfer from regulatory reserve*	-	-	5,299,364	(5,299,364)	-
At 31 December 2024	31,420,335	29,103,635	(38,087,259)	5,430,695	27,867,406

*Regulatory reserve is a statutory reserve that represents the surplus of loan provision computed as per the Bank of Tanzania regulations over the impairment of loans and advances as per IFRS Accounting Standards as issued by the International Accounting Standards Board.

UNITED BANK FOR AFRICA (TANZANIA) LIMITED

STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 TZS'000	2023 TZS'000
Cash flows from operating activities			
Loss before income tax		(3,970,562)	8,835,488
Adjustments:			
Impairment charges	9	10,306,483	1,745,213
Depreciation and amortisation	13	1,068,778	976,552
Depreciation of right of use asset	13	1,299,659	1,147,345
Gain on sale of assets	11	(2,757)	-
Gain on lease modification	11	(17,120)	-
Interest on lease liability	29	101,241	65,359
		8,785,722	**12,769,957**
Decrease in statutory minimum reserve		5,795,917	1,855,647
Decrease in loans and advances to customers		35,275,723	5,189,319
Increase/(decrease) in Deposits due to Banks		10,894,257	(32,604,468)
Decrease in other assets		19,996,087	51,875,981
(Decrease) in deposits due to customers		(52,938,307)	(10,985,395)
(Decrease)/increase in other liabilities		(691,128)	299,940
Income tax paid	14	(2,012,975)	(1,014,112)
Repayment of interest portion of lease liability	29	(89,039)	(66,210)
Net cash from operating activities		**25,016,257**	**27,320,659**
Cash flows from investing activities			
Purchase of intangible asset	23	(182,179)	(49,216)
Purchase of property and equipment	22	(600,414)	(1,377,224)
Purchase of Investment securities		(60,576,470)	(60,546,788)
Proceeds from Investment securities		51,178,133	37,642,058
Proceed from disposal of property and equipment		3,304	-
Net cash used /(from) in investing activities		**(10,177,626)**	**(24,331,170)**
Cash flows from financing activities			
Repayment of principal portion of lease liability	29	(1,574,124)	(1,067,662)
Net cash used in financing activities		(1,574,124)	(1,067,662)
Net Increase in cash and cash equivalent		13,264,507	1,921,829
Net foreign exchange difference		(265,809)	509,117
Cash and cash equivalent at the beginning of the year		16,453,374	14,022,428
Cash and cash equivalents at the end of the year	30	29,452,072	16,453,374

Additional information on operational cash flows from:

		2024	2023
Interest:			
Interest paid		9,081,727	2,689,487
Interest received		22,972,488	18,079,856

1. GENERAL INFORMATION

United Bank for Africa (Tanzania) Limited (the "Bank") is a limited liability company incorporated under the Companies Act, 2002 and is domiciled in the United Republic of Tanzania. It is licensed to operate as a Bank under the Banking and Financial Institutions Act, 2006. Details of the address of its registered office and principal place of business are disclosed on page 1 whilst its principal activities are described in the Directors' Report.

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

a) New standards and amendments to published standards effective for the year ended 31 December 2024.

The following new and revised IFRS Accounting Standards as issued by the International Accounting Standards Board effective for annual period beginning on or after 01 January 2024 had no material impact on the amounts reported in these financial statements:

Effective for annual periods beginning or after:
- Amendment to IAS 1 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

New and amended standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Bank. Except for the IFRS 18, these standards are not expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

IFRS 18 – Presentation and Disclosure in Financial Statements (Effective for annual periods on or after 1 January 2027)

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

IFRS 18, and the consequential amendments to the other accounting standards, is effective for reporting periods beginning on or after 1 January 2027 and must be applied retrospectively. Early adoption is permitted and must be disclosed.

The Bank is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Standards issued but not yet effective that are not expected to have a material impact on the Company's financial statements

	Effective for annual periods beginning or after:
Lack of exchangeability – Amendments to IAS 21	1 January 2025
Annual Improvements to IFRS Accounting Standards—Volume 11	1 January 2026
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026
Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Bank did not early-adopt any new or amended standards in the year ended 31 December 2024.
*The Bank is in the planning phase of determining the impact on the Bank's annual financial statements.

3. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

3.1 Basis of preparation and statement of compliance'

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared under the historical cost basis, except where otherwise stated, and are presented in Tanzanian Shillings (TZS) and all values are rounded to the nearest thousand shillings ('000'), except when otherwise indicated.

The preparation of financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. Changes in the assumptions may have significant impact on the financial statements in the period the assumptions change. The areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3.2 Financial instrument

3.2.1 Financial assets

(i) Classification and subsequent measurement

The Bank is applying IFRS 9 and classifies all its financial assets at amortised cost.

(a) Financial assets measured at amortised cost

The Bank measures loans and advances to Banks, Loans and advances to customers, Cash and Bank balances and investments securities and other financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected.
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

3. ACCOUNTING POLICIES (CONTINUED)

3.3.1 Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Business model assessment (continued)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Business model 1 (BM1): Hold to collect contractual cash flows

This is a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets in this business model are classified and measured at amortized cost by the management subject to meeting the solely payments of principal and interest requirements. Some level of sales is made from this bucket if they are not 'more than infrequent'.

In line with the standard, where more than infrequent number of sales is made and those sales are more than insignificant in value, the Management assesses whether and how such sales are consistent with an objective of collecting contractual cash flows. Thus, in determining whether cash flows are going to be realized by collecting the financial assets' contractual cash flows, consideration is given to the historical frequency, value and timing of sales in prior periods, the reasons for those sales and expectations about future sales activity.

The Management deems sales as infrequent if it occurs not more than five times in a financial year (This is based on historical information about past sales of such financial assets). The Management may also elect to sell financial assets if there is a deterioration in the value of the assets.

Sale of financial assets will be considered insignificant within a portfolio if it constitutes a value that is less than one-tenth or less in relation to the total value of the portfolio at the point of sale.

If an instrument is sold close to maturity, it would not invalidate the classification of the asset. Management deems closeness to maturity as 60% of tenor into the life of an instrument.

3. ACCOUNTING POLICIES (CONTINUED)

3.3.1 Financial assets (continued)

(i) Classification and Subsequent Measurement (continued)

Business model assessment (continued)

Business model 2 (BM2): Hold to collect contractual cash flows and sell

This is a business model whose objective is both to collect contractual cash flows and selling the assets. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Management considers this business model as having greater frequency and value of sales compared to the hold to collect model. This is because selling financial assets is integral to achieving the business model objective instead of being only incidental to it. There is no threshold for the frequency or value of sales that must occur in this business model because the Management has determined that both collecting contractual cash flows and selling financial assets are integral to achieving its objectives for this model.

The financial assets in this business model are classified and measured at fair value through other comprehensive income (FVOCI). Changes in the carrying amount of these assets are recognized in Other Comprehensive Income (OCI) except for interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the assets are derecognized or reclassified, the cumulative gain or loss previously recognized in OCI and accumulated in equity is reclassified to profit and loss.

Business model 3: **Held for trading (Neither BM 1 nor BM 2)**

The financial assets in this category represent portfolios that do not fall within either BM1 or BM2, which the Management holds for its trading or are managed with an objective of realizing cash flows through active and frequent sales.

The financial assets in this business model are classified and measured at fair value through profit or loss (FVTPL).

The Management may elect to classify a financial asset at fair value through profit or loss (FVTPL) if doing so reduces or eliminates a measurement or recognition inconsistency ('accounting mismatch') even if the business objective qualifies it for amortised cost or fair value through other comprehensive income (FVOCI).

Mode of determining the business model of portfolios

The following factors are considered by the Management in determining the business model to which a portfolio belongs:

(i) Description: A high-level description of the type of assets within the portfolio.

(ii) Strategy: The investment strategy for holding or selling the assets in the portfolio. The principal risks of the portfolio and how they are managed and whether there are remuneration targets linked to the portfolio strategy and performance.

(iii) MI / KPI: The key performance indicators used to assess the portfolio performance.

(iv) Sales factors: What factors would and have in the recent past resulted in management making a sale from the portfolio.

(v) Sales levels: What level (frequency and value) of sales have been made for example, in the last 12 months? What are the reasons for these sales? Sales made close to maturity to manage credit risk or concentration are specifically identified.

3. ACCOUNTING POLICIES (CONTINUED)

3.3.1 Financial assets (continued)

(i) Classification and subsequent measurement (continued)

Business model assessment (continued)

Business model 3: **Held for trading (Neither BM 1 nor BM 2) (Continued)**

Solely payment of principal and interest (SPPI) test
As a second step of its classification process the Bank assesses the contractual terms of financial asset to identify whether they meet the non-financial host contracts. Financial assets are classified based on the business model and SPPI assessments. SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

3. ACCOUNTING POLICIES (CONTINUED)

3.3.1 Financial assets (continued)

(b) Debt instruments measured at amortised cost

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

The Bank has not issued any financial instrument with equity conversion rights, write-down and call options. When establishing the accounting treatment for these non-derivative instruments, the Bank first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities, financial assets., or equity instruments..

(iv) Reclassifications of financial assets

With the IFRS 9, the Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. In 2024 the Bank did not reclassify any of its financial assets (2023: None).

(v) Impairment of financial assets

The Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss (LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Bankhas established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- **Stage 1:** When loans are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- **Stage 3:** Loans considered credit-impaired. The Bank records an allowance for the LTECLs.
- **POCI**: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR.

ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

3. ACCOUNTING POLICIES (CONTINUED)

3.3.1 Financial assets (continued)

(iv) Impairment of financial assets (continued)

The calculation of Expected Credit Losses (ECLs)

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD:** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
- **EAD:** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD:** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upturn and downturn). Each of these is associated with different PDs, EADs and LGDs, as set out in When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value. Provisions for ECLs for undrawn loan commitments are assessed. The calculation of ECLs (including the ECLs related to the undrawn element) of revolving facilities such as overdraft is explained below:

The mechanics of the ECL method are summarized below:

- **Stage 1:** The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- **Stage 3:** For loans considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

- **POCI:** POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR

3. ACCOUNTING POLICIES (CONTINUED)

3.3.1 Financial assets (continued)

(iv) Impairment of financial assets (continued)

- **Loan commitments and letters of credit:** When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

(v) Purchased or originated credit impaired (POCI) financial assets

For POCI financial assets, the Bank only recognizes the cumulative changes in LTECL since initial recognition in the loss allowance.

The Bank did not have financial assets that are purchased or originated credit – impaired during the year.

(vi) Definitions of Default

In accordance with IFRS 9, the Bank considers default for the purpose of stage classification. Facilities that are 90 days or more past due are classified as being in default. For the Cross-asset contagion in default definition the Bank has concluded that if there is at least one default event for a counterparty on one of such counterparty exposures, all other exposures to the counterparty are considered to be in default.

(vii) Significant increase in credit risk

The assessment of significant increase in credit risk requires significant judgment. The Bank’s process to assess changes in credit risk is based on the use of 'backstop' indicators. Instruments which are more than 30 days past due may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Bank has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

The following are considered as exceptions:

- Outstanding obligation is a result of an amount being disputed between the Bank and obligor where the dispute is not more than 90 days.
- Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% of the total amount due is considered insignificant. Only applicable where there is no significant increase in credit risk and analysed on a case-by-case basis.

The assessment is generally performed at the instrument level, and it is performed at least on quarterly basis. If any of the factors above indicate that a significant increase in credit risk has occurred, the instrument is moved from Stage 1 to Stage 2. The assessments for significant increases in credit risk since initial recognition and credit-impairment are performed independently at each reporting period. Assets can move in both directions through the stages of the impairment model. After a financial asset has migrated to Stage 2, if it is no longer considered that credit risk has significantly increased relative to initial recognition in a subsequent reporting period, it will move back to Stage 1 after 90 days.

3. ACCOUNTING POLICIES (CONTINUED)

3.3.1 Financial assets (continued)

(vii) Significant increase in credit risk (continued)

Similarly, an asset that is in Stage 3 will move back to Stage 2 if it is no longer considered to be credit-impaired after 90 days. An asset will not move back from stage 3 to stage 1 until after a minimum of 180 days, if it is no longer considered to be credit impaired.

For certain instruments with low credit risk as at the reporting date, it is presumed that credit risk has not increased significantly relative to initial recognition. Credit risk is considered to be low if the instrument has a low risk of default, and the borrower has the ability to fulfil their contractual obligations both in the near term and in the longer term, including periods of adverse changes in the economic or business environment.

(viii) Modification and derecognition of financial assets

The credit risk of a financial asset will not necessarily decrease merely as a result of a modification of the contractual cash flows. If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, the Bank assesses whether there has been a significant increase in the credit risk of the financial asset by comparing:

- the risk of a default occurring at the reporting date (based on the modified contractual terms); and
- the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

A modification will however lead to derecognition of existing loan and recognition of a new loan i.e., substantial modification if:

- The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

The following will be applicable to modified financial assets:

- The modification of a distressed asset is treated as an originated credit-impaired asset requiring recognition of life-time ECL after modification.
- The cumulative changes in lifetime expected credit losses since initial recognition is recognized as a loss allowance for purchase or originated credit-impaired financial asset at the reporting date.
- The general impairment model does not apply to purchased or originated credit-impaired assets.

3. ACCOUNTING POLICIES (CONTINUED)

3.3.1 Financial assets (continued)

(ix) Significant increase in credit risk (continued)

During the year 2024, there was a modification of one commercial loan with the total balance of TZS 8,643 million to address the cash flow challenges of customer (2023: modification on TZS 503 million loans were modified)

	Post modification		Pre modification	
	Gross carrying amount	Corresponding ECL	Gross carrying amount	Corresponding ECL
	TZS'000	**TZS'000**	**TZS'000**	**TZS'000**
31-Dec-24				
Facilities that have cured since modification and are now measured using 12mECL (Stage 1)	8,643,066	1,473	6,134,001	3,103
Total	8,643,066	1,473	6,134,001	3,103
31-Dec-23				
Facilities that have cured since modification and are now measured using 12mECL (Stage 1)	502,793	31,264	464,672	29,312
Total	502,793	31,264	464,672	29,312

3. ACCOUNTING POLICIES (CONTINUED)

(x) Write offs of financial assets

Financial assets are written off either in their entirety or partially when the Bank has no reasonable expectation of recovering the asset in its entirety, or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference will be an additional impairment loss, which is presented as an addition to the allowance applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The following events represent examples of circumstances which could lead to a full or partial write-off:

- There is external evidence (for example, third-party valuations) available that there has been an irreversible decline in expected cash flows and, accordingly, the Bank has no reasonable expectation of recovery.

- Individually assessed loans that are secured, are generally written-off after the receipt of the proceeds from the realisation of the security, and there is no expectation that any further amounts will be recovered by any other means.

- The borrower is declared bankrupt or insolvent, especially in the case of unsecured exposures where the liquidator or administrator has indicated that there aren't sufficient resources available to satisfy the unsecured creditors.

(xi) Derecognition of financial assets
A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

3.3.2 Financial liabilities
Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost. The financial liabilities for the Banks include deposits due to banks, deposits due to customers ,lease liabilities and other financial liabilities.

IFRS 9 requires financial instruments to be classified based on a combination of the entity's business model for managing the instruments' contractual cash flow characteristics.

Derecognition - Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

3.4 Foreign currency translation
(a) Functional and presentation currency
Items included in the Bank's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings, the Banks functional currency, and figures are stated in thousands of Tanzanian Shillings.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated at the closing rate ruling at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the exchange rate ruling on initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

3. ACCOUNTING POLICIES (CONTINUED)

3.5 Cash and balances with Bank of Tanzania

Cash and balances with Bank of Tanzania include cash in hand, Statutory Minimum Reserve (SMR) and clearing accounts with Bank of Tanzania.

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with central Banks and amounts due from Banks on demand or with an original maturity of three months or less from the date of acquisition, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.6 Property and equipment

Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Leasehold land and buildings	Length of the lease
– Leasehold improvements	Shorter of life of improvement or life of the lease
– Computer equipment	5 years
– Office furniture and equipment	5 years
– Motor vehicles	6 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Gains and losses on disposals are determined by comparing proceeds with carrying amount and included in profit or loss.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology as appropriate and treated as changes in accounting estimates.

3.7 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3. ACCOUNTING POLICIES (CONTINUED)

3.8 Employee benefits

The Bank operates a defined contribution plan. A defined contribution plan is a plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal and constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Bank's contributions to the defined contribution scheme are charged to the statement of profit or loss in the year to which they relate.

3.9 Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

3.10 Income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) ***Deferred income tax***

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities where there is an intention to settle the balances on a net basis

3.11 Leases

The Bank assesses whether a contract is or contains a lease at inception of the contract. The Bank recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.
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3. ACCOUNTING POLICIES (CONTINUED)

3.12 Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate.
Lease payments included in the measurement of the lease liability comprises of fixed lease payments (including in-substance fixed payments), less any lease incentives

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method and by reducing the carrying amount to reflect the lease payments made).

The Bank re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment loses.
Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.
The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.
Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the statement of the profit or loss.

3.13 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3. ACCOUNTING POLICIES (CONTINUED)

3.14 Fee and commission income

Fee and commission income that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income, which includes fees and commissions from ledger fees, money transfers, low balance fees, statement fees, unpaid cheques charges, ATM commissions, letters of credit fees, letters of guarantee, telegraphic transfer fees, fees charged for services like development of the Electronic Voucher Management System, and other fees and commissions is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

A contract with a customer that results in a recognised financial instrument in the Bank financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Bank's revenue contracts do not include multiple performance obligations.

When the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

3.15 Net trading income

Net trading income and foreign exchange income comprises gains and losses relating to trading assets and liabilities and includes all realised and unrealised fair value changes and foreign exchange differences. Net gains or losses on derivative financial instruments measured at fair value through profit or loss are also included in net trading.

3.16 Financial guarantees, acceptances and letters of credit

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, Acceptances and letters of credit and other commitments to lend. Even though these obligations may not be recognized on the statement of financial position, they contain credit risk and therefore form part of the overall credit risk of the Bank. All these are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

3.17 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. The cost of the intangible assets is the value of consideration given to acquire the assets and the value of other directly attributable costs incurred in bringing the assets to the location and condition necessary for their intended service. Intangible assets are amortised over their useful economic life.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

3. ACCOUNTING POLICIES (CONTINUED)

3.17 Intangible assets

Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in operating expenses in profit or loss.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

Computer software	5 years

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements the Bank makes estimates and assumptions that could affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on factors such as historical experience and current best estimates of uncertain future events that are believed to be reasonable under the circumstances.

a) Credit impairment losses on loans and advances

The Bank assesses its impairment for the purpose of IFRS Accounting Standards as issued by the International Accounting Standards Board reporting using the 'forward-looking' Expected Credit Loss (ECL) model in line with provisions of IFRS 9 - Financial Instrument. The Bank records an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset. The measurement of expected credit losses is based on the product of the instrument’s probability of default (PD), loss given default (LGD), and exposure at default (EAD), discounted to the reporting date using the effective interest rate.

b) Taxation

The Bank is subjected to several taxes and levies by various government and quasi- government regulatory bodies. As a rule of thumb, the Bank recognizes liabilities for the anticipated tax /levies payable with utmost care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management, in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

c) Taxation (Continued)

The recognition of deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profit, future reversals of existing taxable temporary differences and ongoing tax planning and strategies. The judgment takes into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income and future reversals of existing taxable temporary differences. The Directors have not recognised deferred tax asset due to uncertainty of the timing of the future taxable profits against which accumulated tax loss can be utilised.

d) Determination of incremental borrowing rate used for discounting lease liability

The incremental borrowing rate is defined by IFRS 16 as the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment. The effective borrowing rate used for discounting the future lease payments to present value was determined by using the Tanzania open market interbank lending rates from a corresponding Bank of similar maturity profiles with the outstanding lease terms in addition to the Bank's risk.

5. FINANCIAL RISK MANAGEMENT

The Bank business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Bank risk management are to identify all key risks for the Bank, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Bank's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk management is carried out by a Risk Department under policies approved by the Board of Directors. Risk department identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. In addition, internal audit is responsible for the independent review of risk management and the control environment.

The risks arising from financial instruments to which the Bank is exposed are financial risks, which includes credit risk, liquidity risk and market risk.

5.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from interbank, commercial and consumer loans and advances to customers (both commercial and consumers), credit cards, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, letters of credit, endorsements and acceptances.

The Bank is also exposed to credit risks arising from investments in debt securities such as treasury bills. The credit risk for the government securities is minimal.

Credit risk is the single largest risk for the Bank's business; management therefore carefully manages the exposure to credit risk. The credit risk management and control are centralized in a credit risk management team, which reports to the Board of Directors and management regularly. There are no financial assets that were written off during the year and are still subject to enforcement activity (2023: Nil).

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.1 Credit risk measurement

Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models as the exposure varies with changes in market conditions expected cash flows and the passage of time. In measuring credit risk of loans and advances (including loan commitments and guarantees) to various counterparties, the Bank considers the credit worthiness and financial capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations-value of collateral and other ways out. Our credit exposure comprises wholesale and retail loans and advances and debt securities. The Bank's policy is to lend principally on the basis of our customers' repayment capacity through quantitative and qualitative evaluation. However, we strive to ensure that our loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.

In the estimation of credit risk, the Bank estimates the following parameters: Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

Probability of Default (PD)

This is the probability that an obligor or counterparty will default over a given period, usually one year. To measure expected credit loss, the Bank develops a 12-month PD or equivalent (used in Stage 1 provisioning) and a lifetime PD or equivalent (used for Stages 2 and 3 provisioning). The PD is used to reflect the current expectation of default and considers available reasonable and supportive forwarding-looking information.

Loss Given Default (LGD)

LGD is defined as the portion of the loan determined to be irrecoverable at the time of loan default (1 – recovery rate). Bank’s methods for estimating LGD includes both quantitative and qualitative factors which are adjusted for forward looking information to measure lifetime expected credit losses.

Exposure at Default (EAD)

This represents the amount that is outstanding at the point of default. Its estimation includes the drawn amount and expected utilization of the undrawn commitment at default.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.2 Credit rating of counterparty/obligator

The Bank adopts a two-dimensional approach to the assessment of credit risk in the Risk Rating Process for all obligors.

Obligors are assigned an Obligor Risk Rating (ORR) while a Facility Risk Rating (FRRs) is assigned to facilities. However certain obligors, retail and commercial loans applicants that do not have a risk rating, must access credit through product programmes while those that have credit ratings can access through the individually assessed credit window. Scoring system is used for consumer loans whereby loans that achieve a predetermined minimum score are approved.

Inputs used to determine obligor risk ratings (ORRs) are derived based on quantitative and qualitative factors. The quantitative factors are primarily based on a metrics that uses information on the obligor's financial position while the qualitative factors include:

- Management quality
- Industry risks
- Company profile
- Economic factors

The integrity of the Bank's portfolio management process is dependent on accurate and timely risk ratings. Deterioration in credit risks is quickly identified and communicated to facilitate prompt action. The rating is reviewed on a periodic basis and this is reflected in the management of such portfolio. The default also leads to prevention of further drawdown while steps are taken to recover the outstanding balance and/or realise the collateral.

Deterioration in credit risk are identified based on factors such as:

- Ratings downgrade
- Missed payments
- Non-compliance with loan covenants
- Deterioration of quality/value of collateral

All risk rating processes are reviewed and validated periodically to ensure relevance to business realities, and relate to loans and advances to customers, loans and advances to Banks, financial assets held for trading and investment securities. External ratings may also be obtained where such is available. The Risk Rating buckets and definitions are as highlighted below:

UBA Risk Buckets and Definition

Description	Rating Bucket	Range of Scores	Risk Range	Risk Range (Description)
Extremely Low Risk	AAA	1.00-1.99	90%-100%	
Very Low Risk	AA	2.00-2.99	80%-89%	
Low Risk	A	3.00-3.99	70%-79%	Low Risk Range
Acceptable Risk	BBB	4.00-4.99	60%-69%	Acceptable Risk Range
Moderately High Risk	BB	5.00-5.99	50%-59%	
High Risk	B	6.00-6.99	40%-49%	
Very High Risk	CCC	7.00-7.99	30%-39%	High Risk Range
Extremely High Risk	CC	8.00-8.99	0%-29%	
High Likelihood of Default	C	9.00-9.99	Below 0%	Unacceptable Risk Range
Default	D	Above 9.99	Below 0%	

The risk ratings are a primary tool in the review and decision making in the credit process. The Bank does not lend on unsecured basis to obligors that are below investment grade (BB and above). The Bank will not lend to obligors in the unacceptable risk range.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.3 Incorporation of forward-looking information

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as interest rate, inflation and interbank lending.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Tanzania interbank lending rate was the most correlated variable and the Bank's decision to select it was guided by the Bank's financial market experience, Bank of Tanzania monetary policy statements, analysis of market fundamentals and the trend of various key economic factors that may have a direct and indirect effect on the interbank money market. The Bank did not have exposures benchmarked on LIBOR and no material impact is expected on pricing of the Bank's credit exposures.

5.1.4 Measurement of ECL

IFRS 9 outlines a 'three-stage model' for impairment based on changes in credit quality since initial recognition summarised below:

Bank's internal rating scale

S/N	Category	Days past due	ECL Basis	Stage	Prudential Classification
1	Performing	0-30	12months ECL	Stage 1	Current
2	Underperforming	31-90	Lifetime ECL	Stage 2	Especially Mentioned
3	Non- Performing	>91	Lifetime ECL	Stage 3	Substandard, doubtful, loss

During the year the Bank changed the consultant for the ECL model, which led to changes in some assumptions and judgments, such as, an addition in loan segmentation, which affects PD. Collateral values are higher than Exposure at Default (EAD) due to the decreased loan outstanding balance, resulting in lower or Zero LGD.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime PD as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Bank's process to assess changes in credit risk shall be multifactor and shall have three main categories: Primary indicators: incorporates a quantitative element, Secondary indicators and backstop' indicators

Primary indicators
The quantitative element is the primary indicator of significant increases in credit risk, with the qualitative element playing a secondary role. The quantitative element is calculated based on:

a) The change in lifetime PDs by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.4 Measurement of ECL (continued)

Primary indicators (continued)

b) Movement along the rating bands:

- the rating as at the reporting date; with
- the rating that was assigned at the time of initial recognition of the exposure

The Bank considers the following as indicators of a significant increase in credit risk:

- For investment grade - one band out of investment grade
- For speculative grade - one band for instruments rated below B and two notches for instruments rated B and above (but not investment grade)

Secondary indicators (Qualitative Element)

In general, qualitative factors that are indicative of an increase in credit risk are reflected in PD models on a timely basis and thus are included in the quantitative assessment and not in a separate qualitative assessment. However, if it is not possible to include all current information about such qualitative factors in the quantitative assessment, they are considered separately in a qualitative assessment as to whether there has been a significant increase in credit risk. If there are qualitative factors that indicate an increase in credit risk that have not been included in the calculation of PDs used in the quantitative assessment, the Bank recalibrates the PD or otherwise adjusts its estimate when calculating ECLs.

Regardless however, the Bank considers the following as evidence of significant increase in credit risk:

- Loan is on a watch list
- Deterioration of relevant credit risk drivers for an individual obligor (or pool of obligors);
- Expectations of forbearance or restructuring due to financial difficulties;
- Evidence that full repayment of principal or interest without realization of collateral is unlikely, regardless of the number of days past due;
- Deterioration of credit worthiness due to factors other than those listed above.

Backstop indicator

Instruments which are more than 30 days past due may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption shall be applied unless the Bank has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition

The Bank has not used the low credit risk exemption for any financial instruments in the year ended 31 December 2024.

Grouping of the instruments for losses measured on a collective basis

For expected credit loss provision modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group to be statistically credible. To achieve this all the Bank’s financial assets have been grouped into four categories namely: Corporate, Retail, Commercial and Public Sector;

a) Corporate: This segment of the portfolio contains loans to very large corporate
b) Retail: This segment of the portfolio contains loans, advances and off-balance sheet exposure to individuals and entities classified by the Bank as non- corporate.
c) Commercial: This segment contains loans to other corporate entities with the maximum defined revenue threshold as clarified in the credit policy manual.
d) Public Sector: This segmented of the portfolio contains financial instruments (loans and off-balance sheet exposures) to the Government owned entities.

The appropriateness of grouping is mentioned and reviewed on a periodic basis by the credit risk team.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.5 Stress testing

The following table breaks down impact of different scenario to the Bank's credit risk given changes in probability of default.

(a) ***Industry Sectors***

	Due from banks	Government securities	Wholesale and retail trade	Individuals	Others	Total
31-Dec-24	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**
ECL						
Upside (30% up on PD)	2,152	-	370	3,784	14	6,320
Base case	13,267	-	114	30,246	650	44,277
Downside 1 (15% down on PD)	633	-	198	1,549	23	2,404
Downside 2 (30% down on PD)	2,152	-	499	4,182	33	6,866
	18,205	-	1,181	39,762	719	59,867
31-Dec-23						
Upside (30% up on PD)	2,042	9,612	825	5,779	84	18,342
Base case	12,588	14,398	254	46,192	3,961	77,393
Downside 1 (15% down on PD)	601	4,806	441	2,366	141	8,355
Downside 2 (30% down on PD)	2,042	9,392	1,113	6,387	200	19,134
	17,273	38,208	2,633	60,724	4,386	123,224

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.5 Concentration of risks of financial assets with credit risk exposure

The following table breaks down the Bank’s credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorized by the industry sectors of the Bank's counterparties.

(b) ***Industry Sectors***

	Government institutions	Financial institutions	Wholesale and retail trade	Individuals	Others	Total
31-Dec-24	**TZS’000**	**TZS’000**	**TZS’000**	**TZS’000**	**TZS’000**	**TZS’000**
Balances with Bank of Tanzania	34,695,163	-	-	-	-	34,695,163
Loans and advances to customers	-	-	16,821,849	16,946,060	-	33,767,909
Government securities	71,559,610	-	-	-	-	71,559,610
Other assets (excluding prepayments)	-	-	-	-	3,930,648	3,930,648
	102,273,896	-	16,821,849	16,946,060	3,930,648	143,953,330
31-Dec-23						
Balances with Bank of Tanzania	23,808,067	-	-	-	-	23,808,067
Placements and balances with other banks	-	3,684,315	-	-	-	3,684,315
Loans and advances to customers	-	-	37,503,235	26,105,311	-	63,608,546
Government securities	77,522,558	-	-	-	-	77,522,558
Other assets (excluding prepayments)	-	-	-	-	24,044,623	24,044,623
	97,037,264	3,684,315	37,503,235	26,105,311	24,044,623	192,668,109

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.5 Concentration of risks of financial assets with credit risk exposure (Continued)

(a) Industry sectors (continued)

Credit risk exposures relating to off-balance sheet items all relating to wholesale and retail trade are as follows:

	Wholesale and retail trade
31-Dec-24	**TZS '000**
Financial guarantees	379,849,761
Credit commitments	19,149,738
	398,999,499
31-Dec-23	**TZS '000**
Financial guarantees	513,555,582
Credit commitments	12,324,898
	620,612,104

The maturity analysis of the off-balance sheet items is presented on Note 5.2.3 to the financial statements.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.6 Credit quality disclosure

(a) Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors as described below:

- Transfer between stage 1 and stage 2 or due to financial instruments experiencing significant increases or decreases of credit risk or becoming credit-impaired in the period and consequent "Step up" or "step down" between 12 month and lifetime ECL.
- Additional allowance for new financial instruments recognized during the period as well as releases for financial instruments de-recognized in the period.
- Impacts on the measurements of ECL due changes to models and assumptions.
- Foreign exchange retranslation for assets denominated in foreign currencies and other movements; and
- Financial assets derecognized during the period and write-off of allowances related to assets that were written off during the period.

The following table explain the changes in the loss allowances between the beginning and the end of the annual period to these factors

(i) Customer loans and advances

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	TZS'000	**TZS'000**	**TZS'000**	**TZS'000**
Loss allowance at 1 Jan 2024	52,307	104,697	408,440	565,444
Change in the loss allowance	-	-	-	-
New assets originated or purchased	19,980	-	-	19,980
Repayment	-	-	-	-
Transfers in (out) of stage 1	(1,145)	738	407	-
Transfers in (out) of stage 2	41,695	(55,820)	14,125	-
Transfers in (out) of stage 3	10,252	13,711	(23,963)	-
Write –offs/reversals	-	-	(8,547,025)	(8,547,025)
Increases due to change in credit risk	439,032	176,034	9,220,635	9,220,635
Decreases due to change in credit risk	-	-	-	-
Foreign exchange and other movements	-	-	-	-
ECL at 31 December 2024	**562,121**	**239,360**	**1,072,619**	**2,775,742**
Loss allowance at 1 Jan 2023	9,979.	10,031	267,206	287,216
Change in the loss allowance	-	-	-	-
New assets originated or purchased	32,418	48,666	53,553	134,637
Repayment	(2,415)	(2,463)	(3,505)	(8,383)
Transfers in (out) of stage 1	(111.00)	7	104	-
Transfers in (out) of stage 2	94	(9,946)	9,852	-
Transfers in (out) of stage 3	7	4,720	(4,727)	-
Write –offs/reversals	-	-	(1,308,180)	(1,308,180)
Increases due to change in credit risk	12,335	53,682	1,394,137	1,460,154
Decreases due to change in credit risk	-	-	-	-
Foreign exchange and other movements	-	-	-	-
ECL at 31 December 2023	**52,307**	**104,697**	**408,440**	**565,444**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.7 Credit quality disclosure

The movement of the loan book for the year has been mainly influenced by repayments amounting to TZS 42,149million (2023:28,303million) and newly booked loans of TZS 20million (2023: 135million).

(ii) ECLs for Investment Securities

	2024 Stage 1 TZS'000	2023 Stage 1 TZS'000
ECL allowance as at 01 January	17,984	29,125
New assets originated or purchased	(3,507)	11,503
Asset de recognised	-	(11,141)
At 31 December	**14,477**	**17,984**

(iii) ECLs for placements and balance with other Banks

	2024 Stage 1 TZS'000	2023 Stage 1 TZS'000
ECL allowance as at 01 January	4,267	8,008
New assets originated	-	523
Assets derecognised	**(4,267)**	**(4,264)**
At 31 December	**-**	**4,267**

(iv) Guarantee and letter of credits

	2024 Stage 1 TZS'000	2023 Stage 1 TZS'000
ECL allowance as at 01 January	13,866	15,694
New exposures	40,086	-
Exposure derecognised or matured/lapsed (excluding write-offs)	-	(1,828)
At 31 December	**53,952**	**13,866**

(v) ECL for other assets

	2024 Stage 1 TZS'000	2023 Stage 1 TZS'000
ECL allowance as at 01 January	386,343	210,828
New exposures	393,500	175,515
Exposure derecognised or matured/lapsed (excluding write-offs)	(311,393)	-
At 31 December	**468,451**	**386,343**

(b) Reconciliation of gross carrying amount

The following table further explain changes in the gross carrying amount of the financial instruments to help explain the significance of the changes in the loss allowance for the financial instruments as discussed above. It also contains analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Bank's maximum exposure of credit risk on these assets.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.7 Credit quality disclosure (continued)

(b) Reconciliation of gross carrying amount (continued)

(i) Customer loans and advances

	Stage 1 TZS'000	Stage 2 TZS'000	Stage 3 TZS'000	Total TZS'000
Gross carrying amount as at 1 January 2024	**47,110,967**	**2,448,095**	**14,614,928**	**64,173,990**
New assets originated	16,133,496	6,031,023		22,164,519
Repayments	(32,470,723)	(6,545,408)	(3,133,345)	(42,149,476)
Transfers:				
Transfers in (out) of stage 1	(4,140,123)	4,087,479	52,644	-
Transfers in (out) of stage 2	70,482	(133,973)	63,491	-
Transfers in (out) of stage 3	16,247	1,365,965.01	(1,382,212)	-
Write–offs/reversals	-	-	(7,645,383)	(7,645,383)
Gross carrying at 31/12/2024	**26,720,345**	**7,253,181**	**1,668,481**	**36,543,650**

	Stage 1 TZS'000	Stage 2 TZS'000	Stage 3 TZS'000	Total TZS'000
Gross carrying amount as at 1 January 2023	**51,558,435**	**15,303,316**	**1,193,377**	**68,055,128**
New assets originated	24,732,287	164,995	832,826	25,730,108
Repayments	(25,837,629)	(1,177,519)	(1,287,918)	(28,303,066)
Transfers:				
Transfers in (out) of stage 1	(3,481,640)	2,080,082	1,401,558	-
Transfers in (out) of stage 2	103,861	(14,007,385)	13,903,524	-
Transfers in (out) of stage 3	35,653	84,606	(120,259)	-
Write–offs/reversals	-	-	(1,308,180)	(1,308,180)
Gross carrying at 31/12/2023	47,110,967	2,448,095	14,614,928	64,173,990

(ii) Placements and balances with other Banks

	2024 Stage 1 TZS'000	2023 Stage 1 TZS'000
Gross carrying amount as at 1 January	3,688,582	**6,506,253**
New assets originated or purchased	510,539,100	44,525,100
Assets derecognised or repaid (excluding write offs)	(514,227,682)	(47,342,771)
At 31 December	**-**	**3,688,582**
Loss allowance as at 31 December	-	**(4,267)**
At 31 December	**-**	**3,684,315**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.6 Credit quality disclosure (continued)

(b) Reconciliation of gross carrying amount (continued)

(iii) Investment securities

	2024 Stage 1 TZS'000	2023 Stage 1 TZS'000
Gross carrying amount as at 1 January	**77,540,542**	**52,498,021**
New assets originated or purchased	60,576,470	66,594,501
Assets derecognised or repaid (excluding write offs)	(67,400,000)	(41,551,980)
Gross carrying amount at 31 December	**70,717,012**	**77,540,542**
Loss Allowance	(14,477)	(17,984)
Net amount at 31 December	**70,702,535**	**77,522,558**

(iv) Guarantee and letter of credits

	2024 Stage 1 TZS'000	2023 Stage 1 TZS'000
Gross carrying amount as at 1 January	513,555,583	620,612,104
New exposures	24,372,541	44,886,900
Exposure derecognised or matured/lapsed (excluding write-offs)	(158,078,362)	(151,929,556)
At 31 December	**379,849,761**	**513,569,448**
Loss allowance	(53,952)	(13,866)
Balance as at 31 December	**379,795,810**	**513,555,583**

(v) Balances with banks

	Stage 1 TZS'000	Stage 1 TZS'000
ECL allowance as at 01 January	-	-
New assets originated or purchased	24,989	-
Asset de recognised	-	-
At 31 December	**24,989**	**-**

(vi) Balances with MNO's

	Stage 1 TZS'000	Stage 1 TZS'000
ECL allowance as at 01 January	-	-
New assets originated or purchased	1	-
Asset de recognised	-	-
At 31 December	**1**	**-**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.6 Credit quality disclosure (Continued)

(b) The table below shows the credit quality by class of asset for all financial assets exposed to credit risk

	31-Dec-24				31-Dec-23			
	Loans and advances to customers	Placements and balances with other banks	Investment Securities	Other Assets	Loans and advances to customers	Placements and balances with other banks	Investment Securities	Other Assets
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Neither past due nor impaired	26,720,345	-	71,574,087	4,399,099	33,931,904	3,688,582	77,540,542	24,430,966
Past due but not impaired	1,246,514	-	-	-	14,584,199	-	-	-
Impaired	8,576,791	-	-	-	15,657,887	-	-	-
Gross	36,543,650	-	71,574,087	4,399,099	64,173,990	3,688,582	77,540,542	24,430,966
Less: Expected credit loss	(2,775,741)	-	(14,477)	(468,451)	(565,444)	(4,267)	(17,984)	(386,343)
Net	33,767,908	-	71,559,610	3,930,648	63,608,546	3,684,315	77,522,558	24,044,623
Portfolio allowance	(2,721)	-	(14,477)	(468,451)	(166,005)	(4,267)	(17,984)	(386,343)
Individually impaired	(2,773,020)	-	-	-	(399,439)	-	-	-
Total	(2,775,741)	-	(14,477)	(468,451)	(565,444)	(4,267)	(17,984)	(386,343)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.7 Credit quality disclosure (Continued)

Loans and advances neither past due nor impaired

The Bank classifies loans and advances under this category for those exposures that are up to date and in line with contractual agreements. Such loans would have demonstrated financial conditions, risk factors and capacity to repay that are acceptable. These exposures will normally be maintained largely within approved product programs with no signs of impairment or distress. These exposures are categorised as normal accounts in line with The Banking and Financial Institutions (Management of Risk Assets) Regulations, 2014.

Loans and advances past due but not impaired
Late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.6 Credit quality disclosure (Continued)

Loans and advances to customers past due but not impaired

	Individuals		Corporate		
	Overdrafts	Term Loans	Overdrafts	Term Loans	Total
	TZS'000	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**
31-Dec-24					
Past due up to 30 days	-	12,318,396	9,401,728	6,000,841	27,720,965
Past due 30-60 days	-	596,044	-	127,125	723,169
Past due 60-90 days	-	380,162	-	143,181.84	523,344
Total	**-**	**13,294,603**	**9,401,728**	**6,271,148**	28,967,479
31-Dec-23					
Past due up to 30 days	-	20,398,569	13,524,403	12,849,180	46,772,152
Past due 30-60 days	-	1,821,424	36,171	268,989	2,126,584
Past due 60-90 days	-	503,322	-	-	503,322
Total	**-**	22,723,315	13,560,574	13,118,169	49,402,058

Placement and balances with other Banks

The total gross amount of individually impaired placements and balances with other Banks as at 31 December 2024 was nil (2023: nil). The Bank held treasury bills of maturity value of TZS 27,504 million (2023: TZS 8,911 million), as collateral against loans and advances to Banks.

Maximum exposure to credit risk before collateral held or other credit enhancements.

32% of the total maximum exposure is derived from loans and advances to Banks and customers (2023: 31%); 68% represents investments in government securities (2023: 39%).

The Directors are confident in the ability to continue to control and sustain minimal exposure of credit risk to the Bank from both its loan and advances portfolio and debt securities based on the following:

- 96% of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2023: 97%); and

- 63% of the loans and advances portfolio are considered to be neither past due nor impaired (2023: 52%).

Debt securities, treasury bills and other eligible bills

The only financial investments held by the Bank are treasury bills and bonds issued by the Bank of Tanzania.

5.1.7 Collateral and other credit enhancements

The Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collaterals for funds advanced. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Bank prepares a valuation of the collateral obtained as part of the loan origination process and this assessment is reviewed periodically. The principal collateral types for loan and advances are:

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.7 Collateral and other credit enhancements (Continued)

- Mortgages over land and building and residential properties
- Charges over business assets as promises, inventory and account receivables.
- Charge over financial instruments such as debt securities and equities.
- Cash collateral

Longer term finance and lending to corporate entities are generally secured. Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

The Bank did not hold any financial instrument for which no loss allowance is recognized because of collateral at 31 December 2024 (2023: Nil). There were no changes in the Bank's collateral policy during the year (2023: Nil).

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1.7 Collateral and other credit enhancements (Continued)

Disclosure of credit quality and the maximum exposure for credit risk per categories based on the Bank's internal credit rating system and year-end stage classification are further disclosed in.

Type of collateral or credit enhancement	Fair value of collateral and credit enhancements held							
31-Dec-24	**Maximum exposure to credit risk**	**Cash**	**Property**	**Other**	**Total collateral**	**Net exposure**	**% of exposure subject to collateral requirements**	**Associated ECL**
Cash and balances with Bank of Tanzania	34,695,163	-	-	-	-	34,695,163	0%	-
Loans and advances to customers	**33,767,908**	4,397,355	17,665,284	34,877,575	52,349,472	(23,024,675)	155%	2,775,741
Total assets	**68,463,071**	**4,397,355**	**17,665,284**	**34,877,575**	**52,349,472**	**11,670,488**	**155%**	**2,775,741**
Investment securities at amortised cost	71,559,610	-	-	-	-	71,559,610	0%	14,477
Total financial assets at amortised cost	**140,170,313**	**4,397,355**	**17,665,284**	**34,877,575**	**56,940,215**	**83,230,098**	**200%**	**9,308,636**
Guarantees and performance bonds	**379,849,761**	**-**	**-**	**-**	**545,749,666**	**(165,899,905)**	144%	**53,952**
Guarantees and performance bonds	**379,849,761**	**-**	**-**	**-**	**545,749,666**	**(165,899,905)**	**144%**	**53,952**

Type of collateral or credit enhancement	Fair value of collateral and credit enhancements held							
31-Dec-23	**Maximum exposure to credit risk**	**Cash**	**Property**	**Other**	**Total collateral**	**Net exposure**	**% of exposure subject to collateral requirements**	**Associated ECL**
Cash and balances with Bank of Tanzania	23,808,067	-	-	-	-	23,808,067	0%	-
Placements and balances with other banks	3,684,315	-	-	-	-	3,684,315	0%	4,267
Loans and advances to customers	63,608,546	2,204,997	35,738,000	104,620,351	142,563,348	(78,954,802)	224%	565,444
Total assets	**91,100,928**	**2,204,997**	**35,738,000**	**104,620,351**	**142,563,348**	**(51,462,420)**	**224%**	**569,711**
Investment securities at amortised cost	77,522,558	-	-	-	-	77,522,558	0%	17,984
Total financial assets at amortised cost	**168,623,486**	**2,204,997**	**35,738,000**	**104,620,351**	**142,563,348**	**26,060,138**	**224%**	**587,694**
Guarantees and performance bonds	**513,555,582**	**-**	**-**	**-**	**829,317,019**	**(315,761,437)**	161%	13,866
Guarantees and performance bonds	**513,555,582**	**-**	**-**	**-**	**829,317,019**	**(315,761,437)**	**161%**	**13,866**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, and foreign exchange rates.

The market risks arising from trading and non-trading activities are concentrated in the Bank's treasury department and monitored regularly. Regular reports are submitted to the Board of Directors and management.

Market risk measurement techniques

The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk. The principal measurement technique used to measure and control market risk is the stress tests as outlined below.

Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by treasury department includes interest rate, credit, foreign exchange and liquidity risks, where stress movements are applied to each risk category to assess the overall impact and the Bank's capital resilience to different market risk factor shocks. The results of the stress tests are reviewed by the Asset and Liability Management Committee (ALCO) and reported to the Board of Directors. Below are the results of stress test in relation to interest rate and foreign exchange risk as at 31 December 2024 and 31 December 2023.

5.2.1 Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The Bank's assets are typically funded in the same currency as that of the business transacted to eliminate foreign exchange exposure. However, the Bank maintains an open position within the tolerance limits approved by the Board within the Bank of Tanzania prescriptions.

The Bank performs forward looking sensitivity analysis for foreign exchange rate risk to which the Bank is exposed at the end of each reporting period, showing how profit or loss and equity would have been affected by changes in the exchange rates that were reasonably possible at reporting date. The Bank has considered the annual official mid-rate change history as published by Bank of Tanzania for the last four financial years 2024 inclusive which generally averages 5.11%. The Bank has considered to therefore use 5% appreciation/depreciation in deriving the sensitivity analysis to foreign exchange rate changes

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	5% Change in currency rate – 2024		5% Change in currency rate - 2023	
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
	TZS'000	TZS'000	TZS'000	TZS'000
USD	+/- 66,363	+/- 46,454	-+/- 2,129,256	+/- 1,490,479
GBP	+/- 12	+/- 9	+/- 851	+/- 596
EUR	+/- 4,806	+/- 3,364	+/- 70,558	+/- 49,390
Net impact	+/- 71,181	+/- 49,827	+/- 2,200,665	+/- 1,540,465

The table below summaries the Bank's exposure to foreign currency exchange rate risk as at 31 December 2024 and at 31 December 2023. Included in the table are the Bank's financial instruments at carrying amount, categorized by currency.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.1 Foreign exchange risk (continued)

As at 31 December 2024	USD	EUR	GBP	TZS	TOTAL
Assets (in TZS '000)					
Cash and balances with Bank of Tanzania	25,503,204	322,570	14,646	8,854,743	34,695,163
Loans and advances to customers	9,806,442	-	-	23,961,466	33,767,908
Other assets (excluding prepayments)	3,803,103	-	-	127,545	3,930,648
Total financial assets	39,112,749	322,570	14,646	32,943,754	72,393,719
Liabilities (in TZS '000)					
Deposits from customers	38,231,489	226,451	14,889	48,592,983	87,065,812
Other liabilities (excluding statutory deductions and deferred income)	-	-	-	570,782	570,782
Lease liability	2,208,513	-	-	-	2,208,513
Total financial liabilities	40,440,002	226,451	14,889	49,163,765	89,845,107
Net on-balance sheet financial position	**(1,327,253)**	**96,119**	**(243)**	**(16,220,011)**	**(17,451,388)**
Financial guarantee - Note 26	284,265,270	-	-	95,584,491	379,849,761
Credit commitments - Note 26	366,900	-	-	17,098,750	17,465,650
	284,632,170	**-**	**-**	**112,683,241**	**397,315,411**
Total FX Position (On + Off Balance)	**283,304,917**	**96,119**	**(243)**	**96,463,230**	**379,864,023**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.1 Foreign exchange risk (continued)

As at 31 December 2023	USD	EUR	GBP	TZS	TOTAL
Assets (in TZS '000)					
Cash and balances with Bank of Tanzania	10,517,775	2,833,694	17,024	10,439,574	23,808,067
Placements and balances with other banks	3,684,315	-	-	-	3,684,315
Loans and advances to customers	11,462,444	-	-	52,146,102	63,608,546
Other assets (excluding prepayments)	19,600,751	-	-	4,443,872	24,044,623
Total financial assets	45,265,285	2,833,694	17,024	67,029,548	115,145,551
Liabilities (in TZS '000)					
Deposits from banks	-	-	-	15,518,822	15,518,822
Deposits from customers	87,058,119	1,422,542	-	51,523,455	140,004,116
Other liabilities (excluding statutory deductions and deferred income)	-	-	-	689,320	689,320
Lease liability	792,285	-	-	-	792,285
Total financial liabilities	87,850,404	1,422,542	-	67,731,597	157,004,543
Net on-balance sheet financial position	**(42,585,119)**	**1,411,152**	**17,024**	**(702,049)**	**(41,858,992)**
Financial guarantee - Note 26	466,265,215		-	47,290,367	513,555,582
Credit commitments - Note 26	12,051,253	-	-	273,645	12,324,898
	478,316,468	**-**	**-**	**47,564,012**	**525,880,480**
Total FX Position (On + Off Balance)	**(520,901,587)**	**1,411,152**	**17,024**	**(48,266,061)**	**(567,739,472)**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.2 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily.

Interest rate risk

The Bank monitors the impact of risks associated with the effect of fluctuations in prevailing interest rates. Increase or decrease in interest rates of 100 basis will lead to increase or decrease profit before tax by TZS 338 million (2023: by TZS 637 million) and increase or decrease in equity account by TZS 237 million (2023: TZS 446 million). The model does not take into account any corrective action in response to interest rate movements, particularly in adverse situations.

The table below summarises the Bank’s exposure to interest rate risk. It includes the Bank’s financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. The Bank does not bear an interest rate risk on off balance sheet items.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.2 Interest rate risk (Continued)

As at 31 December 2024	Up to 1 month Shs '000	1-3 months Shs '000	3 - 12 months Shs' 000	1 – 5 years Shs '000	After 5 years Shs'000'	Interest bearing Shs'000'	Non-interest bearing Shs '000	Carrying amount Shs '000
Assets								
Cash and balances with Bank of Tanzania	-	-	-	-	-	-	34,695,163	34,695,163
Loans and advances to customers	1,683,387	181,377	11,878,333	19,999,475	25,337	33,767,909	-	33,767,909
Investment securities at amortised cost	-	-	-	-	-	-	71,559,610	71,559,610
Other assets	-	-	-	-	-	-	3,930,648	3,930,648
Total financial assets	**1,683,387**	**181,377**	**11,878,333**	**19,999,475**	**25,337**	**33,767,909**	**110,185,421**	**143,953,330**
Liabilities								
Deposits from banks	-	-	-	-	-	-	26,413,080	26,413,080
Deposits from customers	-	-	-	-	-	-	87,065,812	87,065,812
Other liabilities	-	-	-	-	-	-	570,782	570,782
Lease liability	-	-	-	-	-	-	2,208,513	2,208,513
Total financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**116,258,187**	**116,258,187**
Total interest re-pricing gap	**1,683,387**	**181,377**	**11,878,333**	**19,999,475**	**25,337**	**33,767,909**	**6,072,766**	**27,695,143**

The sensitivity analysis has been considered for only loans and advances to customers at amortised cost, being the only financial instruments that are sensitive to changes in interest rates. All other interest linked financial instruments have fixed interest rates and as such are not considered sensitive to changes in interest rates.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.2 Interest rate risk (Continued)

As at 31 December 2023	Up to 1 month Shs '000	1-3 months Shs '000	3 - 12 months Shs' 000	1 – 5 years Shs '000	After 5 years	Interest bearing	Non-interest bearing Shs '000	Carrying amount Shs '000
Assets								
Cash and balances with Bank of Tanzania	-	-	-	-	-	-	23,808,067	23,808,067
Loans and advances to banks		-	-	-	-	-	3,684,315	3,684,315
Loans and advances to customers	11,970,276	8,500,019	13,850,490	18,419,365	10,868,396	63,608,546	-	63,608,546
Investment Securities	-	-	-	-	-	-	77,522,558	77,522,558
Other assets	-	-	-	-	-	-	24,044,623	24,044,623
Total financial assets	**11,970,276**	**8,500,019**	**13,850,490**	**18,419,365**	**10,868,396**	**63,608,546**	**129,059,563**	**192,668,109**
Liabilities								
Deposits from banks	-	-	-	-	-	-	15,518,822-	15,518,822
Deposits from customers	-	-	-	-	-	-	140,004,117	140,004,117
Lease liability	-	-	-	-	-	-	792,285	792,285
Other liabilities	-	-	-	-	-	-	689,320	689,320
Total financial liabilities	**11,979,276**	**8,500,019**	**13,850,490**	**18,419,365**	**10,868,396**	**63,608,546**	**141,485,722**	**141,485,722**
Total interest re-pricing gap	**11,979,276**	**8,500,019**	**13,850,490**	**18,419,365**	**10,868,396**	**63,608,546**	**34,307,442**	**35,663,565**

The sensitivity analysis has been considered for only loans and advances to customers at amortised cost being the only financial instruments that are sensitive to changes in interest rates. All other interest linked financial instruments have fixed interest rates and as such are not considered sensitive to changes in interest rates.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

(a) Liquidity risk management process

The Bank's liquidity and funding policies require the following:

- The Bank enters into lending contracts subject to availability of funds.
- Maintaining liquidity ratios against internal and regulatory requirements.
- Investment in short term liquid instruments, which can easily be sold on the market when the need arises.
- Monitoring depositor concentration in order to avoid undue reliance on large individual depositors and ensure a satisfactory funding mix.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets (Note 3.3.3).

The Bank also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

(b) Funding approach

Sources of liquidity are regularly reviewed by treasury team to maintain a wide diversification by currency, geography, provider, product and term.

(c) Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to total liabilities for this purpose, liquidity assets considered are cash, interbank placements, investments maturing within one year, clearing and Statutory Minimum Reserve (SMR) deposits.

This is in line with the Banking and Financial Institution (Liquidity Management) Regulations, 2014 which requires every Bank to maintain minimum liquid assets of total liabilities including off balance sheet items.

Below is the position of liquidity at the end of the year.

	2024	2023
As at 31 December	33.72%	39.79%

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.3 Liquidity risk (Continued)

(d) Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities and financial assets by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, as the Bank manages the inherent liquidity risk based on expected undiscounted cash inflows.

At 31 December 2024	Carrying amount	Total undiscounted amount	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	After 5 years
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	
Financial assets							
Cash and balances with BOT	29,452,072	34,695,163	29,452,072	-	-	-	-
Investment Securities	71,559,610	73,506,835	-	61,673,287	-	-	11,833,548
Loans and advances to customers	33,767,908	36,976,786	1,683,387	181,377	11,878,333	22,775,216	458,473
Other assets	3,930,648	3,930,648	3,930,648	-	-	-	-
	138,710,238	149,109,432	35,066,107	61,854,664	11,878,333	22,775,216	12,292,021
Financial liabilities							
Deposits from banks	26,413,080	26,413,080	-	-	-	-	-
Deposits from customers	87,065,812	87,065,812	5,020,920	12,497,025	69,547,867	-	-
Other liabilities	570,782	570,782	570,782-	-	-	-	-
Lease Liabilities	2,208,513	3,260,015	-	-	792,285	1,416,228	1,051,502
	116,258,187	117,309,689	5,020,920	12,497,025	70,340,152	1,416,228	1,051,502
On balance sheet liquidity gap	22,452,051	31,799,743	30,045,187	49,357,639	-58,461,819	21,358,988	11,240,519
Off-balance sheet items							
Guarantees and performance bonds	379,849,761	379,849,761	26,323,205	69,606,248	283,920,308	-	-
Undrawn loan commitments	17,465,650	17,465,650	17,465,650	-	-	-	-
	397,315,411	**397,315,411**	**43,788,855**	**69,606,248**	**283,920,308**	**-**	**-**
Net liquidity gap		**(365,515,668)**	**(13,743,668)**	**(20,248,609)**	**(342,382,127)**	**21,358,988**	**11,240,519**

* Cash and balances with BOT exclude SMR as this is a restricted amount not available for immediate use.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.3 Liquidity risk (Continued)

(d) Non-derivative cash flows (continued)

At 31 December 2023	**Carrying Amount**	**Total undiscounted amount**	**Up to 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**After 5 years**
	TZS'000	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**	
Financial assets							
Cash and balances with BOT	12,769,059	12,769,059	12,769,059	-	-	-	-
Loans and advances to Banks	3,684,315	3,684,315	3,684,315	-	-	-	-
Investment Securities	77,522,558	79,804,154	-	45,321,758	22,300,000	-	12,182,396
Loans and advances to customers	63,608,546	68,856,611	11,970,276	8,500,019	13,850,490	23,101,986	11,433,840
Other assets	24,044,623	24,044,623	-	-	-	-	-
	181,629,101	189,163,029	53,818,140	53,821,777	36,150,490	23,101,986	23,616,236
Financial liabilities							
Deposits from Banks	15,518,822	15,518,822	15,518,822	-	-	-	-
Deposits from customers	140,004,117	140,004,117	95,500,330	13,347,448	31,156,339	-	-
Other liabilities	689,320	689,320	689,320	-	-	-	-
Lease Liabilities	792,285	1,169,502	-	-	524,909	267,376	377217
	157,915,337	158,292,554	111,019,152	13,347,448	31,681,248	267,376	377,217
On balance sheet liquidity gap	23,713,764	30,870,475	-57,201,012	40,474,329	4,469,242	22,834,610	23,239,019
Off-balance sheet items							
Guarantees and performance bonds	513,555,582	513,569,448	35,589,844	94,109,951	383,869,653	-	-
Undrawn loan commitments	12,324,898	12,324,898		-	-	-	-
	525,880,480	525,894,346	35,589,844	94,109,951	383,869,653	-	
Net liquidity gap	-	**(495,023,871)**	**(92,790,856)**	**(53,635,622)**	**(379,400,411)**	**22,834,610**	**23,239,019**

* Cash and balances with BOT exclude SMR as this is a restricted amount not available for immediate use.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2.3 Liquidity risk (Continued)

(d) Non-derivative cash flows (continued)

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central Bank balances, items in the course of collection and treasury and other eligible bills; loans and advances to Banks; and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

5.3 Off-balance sheet items

i) *Loan commitments, financial guarantees and other financial facilities*

The contractual amounts of the Bank's off-balance sheet financial instruments that it commits to extend credit to customers, financial guarantees expiring not later than 1 year and other facilities have been disclosed on Note 27.

ii) *Capital commitments*

There were no capital commitments for the purchase of equipment (2023: Nil).

5.4 Categories of financial assets and financial liabilities

All the Bank's financial assets and financial liabilities are classified as financial assets or financial liabilities subsequently measured at amortised cost. The amounts in the table are the carrying amounts of the financial assets and financial liabilities at the reporting date.

	2024	**2023**
Financial assets	**TZS '000**	**TZS '000**
Cash and balances with Bank of Tanzania	34,695,163	23,808,067
Placements and balances with other banks	-	3,684,315
Loans and advances to customers	33,767,908	63,608,546
Investment securities	71,559,610	77,522,558
Other assets	3,930,648	24,044,623
	143,953,329	**192,668,109**
Financial Liabilities		
Deposits due to banks	26,413,080	15,518,822
Deposits due to customers	87,065,812	140,004,117
Other liabilities	570,782	689,320
Lease liability	2,208,513	792,285
	121,523,205	**157,915,337**

6. CAPITAL MANAGEMENT

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

- To comply with the capital requirements set by the regulator;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Bank of Tanzania (BoT), for supervisory purposes. The required information is filed with the BoT on a quarterly basis.

The BoT requires each Bank or Banking group to:
(a) Hold the minimum level of the regulatory capital of TZS 15 billion,
(b) Maintain a ratio of total regulatory capital to the risk-weighted asset at a minimum of 14.5%.
(c) Core capital of not less than 12.5% of its total risk–weighted assets and off-balance sheet exposures.

The Bank's regulatory capital is divided into two tiers:

- Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. Prepaid expenses and deferred charges are deducted in arriving at Tier 1 capital; and
- Tier 2 capital: qualifying subordinated loan capital and collective impairment allowances.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31 December.

	2024	**2023**
Tier 1 capital	**TZS '000**	**TZS '000**
Share capital	31,420,335	31,420,335
Share premium	29,103,635	29,103,635
Accumulated loss	(38,087,259)	(37,794,772)
Prepaid expenses	(880,575)	(762,686)
Total qualifying Tier 1 capital	21,556,136	21,966,512
Tier 2 capital	21,556,136	21,966,512
Total regulatory capital	21,556,136	21,966,512
Risk-weighted assets		
On-balance sheet	34,809,982	74,893,624
Off-balance sheet	14,969,234	19,980,483
Operational Risk	19,972,021	18,113,982
Market risk	1,781,354	638,360
Total risk-weighted assets	71,532,592	113,626,449

	Required ratio	**Bank's ratio 2024**	**Bank's ratio 2023**
Tier 1 capital	12.50%	30.13%	19.00%
Tier 1 + Tier 2 capital	14.50%	30.13%	19.00%

	2024 TZS '000	2023 TZS '000

7. INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST RATE METHOD

	2024 TZS '000	2023 TZS '000
Loans and advances:		
To banks	1,266,275	31,053
To customers	21,063,321	14,880,864
Government securities	18,954	5,940,389
	22,348,550	20,852,306

8. INTEREST EXPENSE CALCULATED USING THE EFFECTIVE INTEREST RATE METHOD

	2024 TZS '000	2023 TZS '000
Fixed deposits	1,242,806	1,631,650
Call deposits	562,477	77,254
Savings accounts	5,216,946	414,183
Deposits from banks	1,877,151	3,317,028
	8,899,380	5,440,115

9. IMPAIRMENT CHARGES

	2024 TZS '000	2023 TZS '000
Net impairment on loans and advances to customers – note 20	2,210,298	1,434,855
Additional impairment on loans written-off during the year - note 20	7,645,383	151,220
Net impairment on investments -Note 16	(3,507)	(11,141)
Net impairment on placements – Note 19	(4,267)	(3,741)
Net impairment on off balance sheet – Note 5.1.7(iv)	40,086	(1,828)
Net impairment on Balances with Banks- Note 5.1.7(v)	24,989	-
Net impairment on Balances MNO's -Note 5.1.7(vi)	1	-
Net impairment on other assets - 17	393,500	175,515
	10,306,483	1,745,213

10. FEE AND COMMISSION INCOME

	2024 TZS '000	2023 TZS '000
Loan processing fees	1,180,711	950,682
Commission on letters of credit and guarantees	2,364,538	3,762,200
Commission on withdrawals	46,331	336,194
Commission on remittances	648,683	449,126
Account maintenance fees	10,198	240,778
Commission on e-banking products	1,176,607	1,028,938
Other fees and commissions	840,909	458,145
	6,267,977	**7,226,063**

11. OTHER INCOME

	2024 TZS '000	2023 TZS '000
Gain on forex trading	6,440,322	5,584,317
	6,440,322	5,584,317
Recoveries on written off loans	17,603	1,295
Foreign currency differences (non-trading)	(265,809)	509,121
Gain on disposal	2,757	-
Gain on lease modification	17,120	-
	(245,449)	510,416
	6,211,992	6,094,733

12. EMPLOYEE BENEFITS EXPENSE

	2024 TZS '000	2023 TZS '000
Salaries and allowances	8,374,247	7,097,282
Post-retirement benefits – defined contribution plan	765,844	663,469
Skills development levy	281,498	250,145
Workman compensation fund	38,153	33,163
	9,459,742	8,044,059

13. ADMINISTRATIVE EXPENSES

	2024 TZS '000	2023 TZS '000
Marketing and public relations	94,988	105,622
Travel and entertainment	235,117	715,407
Telecommunication and postage	249,917	263,104
Other administrative expenses	3,888,099	4,221,121
Directors Emoluments	493,967	340,950
Link costs	496,931	563,026
Insurance expenses	504,540	367,981
Cards expenses	1,510,847	1,165,972
Depreciation of property and equipment	1,033,450	962,972
Amortisation of intangible assets	47,607	13,580
Auditor's remuneration	177,115	175,788
Depreciation of right of use asset	1,299,659	1,147,345
	10,032,236	10,042,868

*Other administrative expenses include TZS 1.3 billion of Bank premisses office running costs (2023: TZS 2.7 billion), 628 million switch cost (2023: TZS 653million), TZS 678 million indirect taxes paid (2023: TZS 496 million).

14. INCOME TAX CHARGE

	2024 TZS '000	2023 TZS '000
Tax charge - current year	-	1,072,830
Tax charge – Prior year income tax	1,620,869	-
	1,620,869	1,072,830

14. INCOME TAX CHARGE (CONTINUED)

	2024	2023
	TZS '000	TZS '000
(Loss)/Profit before income tax	(3,970,562)	8,835,488
Tax calculated at the tax rate of 30% (2023: 30%)	(1,191,169)	2,650,646
Tax effect of:		
Alternative Minimum Tax (AMT)	-	795,194
Expenses not deductible for tax purposes (i)	147,260	89,481
Tax charge – Prior year income tax	1,620,869	-
Deferred tax movement not recognised	1,043,909	(2,462,491)
	1,620,869	1,072,830

The income tax charge on the Bank's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

Tax Payable		
At the beginning of the year	1,171,485	1,112,767
Tax charge - current year	-	1,072,830
Tax charge – Prior year income tax	1,620,869	-
Tax paid in the year	(2,012,975)	(1,014,112)
	779,379	1,171,485

(i) **Expenses not deductible for tax purposes**

Staff entertainment	39,214	32,570
Club subscriptions	4,837	4,134
Other residential expenses	1,428	6,219
Electricity expenses for residential	-	3,200
Entertainment expenses	17,472	39,586
Telephone expenses	84,309	16,572
Write-offs	-	(12,800)
Total	147,260	89,481

15. CASH AND BALANCES WITH BANK OF TANZANIA

Cash in hand	3,980,876	4,293,361
Statutory Minimum Reserves (SMR)	5,243,091	11,039,008
Clearing accounts	25,471,196	8,475,698
	34,695,163	23,808,067

The Bank is required to maintain minimum cash reserve equivalent to 6% of customer deposits and 40% of Government deposits. Statutory Minimum Reserve is non-interest-bearing and not available to finance the Bank's Day to day operations hence it is excluded from cash and cash equivalents for the purpose of statement of cash flows.

16. INVESTMENT SECURITIES

	2024 TZS '000'	2023 TZS'000
Securities		
Treasury bills maturing in 3 months*	61,673,287	45,339,742
Treasury bills maturing between 3 months and 1 year	-	22,300,000
Treasury bonds maturing above 1year	9,900,800	9,900,800
	71,574,087	77,540,542
Expected credit loss allowance	(14,477)	(17,984)
Net investment securities	71,559,610	77,522,558

Movement of impairment on Investment securities

	2024 TZS '000'	2023 TZS'000
Balance at 1 January	17,984	29,125
Increase/(decrease) in provisions	(3,507)	(11,141)
Balance at 31 December	14,477	17,984

*The maturity on treasury bills is from the reporting dates, and not from the date of placement.

17. OTHER ASSETS

	2024 TZS '000'	2023 TZS'000
Other receivables*	4,399,099	24,430,966
Provisions for impairment	(468,451)	(386,343)
Other financial assets	3,930,648	24,044,623
Prepayments	880,575	762,686
Other assets have a maturity of less than one year	4,811,222	24,807,309

	2024 TZS '000'	2023 TZS'000
Movement of impairment on other assets		
Opening Balance	386,343	210,828
Written-off during the year	(311,393)	-
Provisions during the year	393,500	175,515
Balance at 31 December	468,451	386,343

*Other receivables relate to foreign currency denominated matured letters of credit which await foreign currency availability to be cleared.

18. ORDINARY SHARE CAPITAL

Authorized:

The Bank's authorised share capital is 10,000,000. Issued shares are 6,284,067 ordinary shares of TZS 5,000 each.

	2024 TZS '000'	2023 TZS'000
Issued:		
6,284,067 (2023: 6,284,067) shares of TZS 5,000 each	31,420,335	31,420,335
Share premium:		
2,429,067 (2023: 2,429,067 shares) at TZS 11,981.405 each	29,103,635	29,103,635

19. PLACEMENTS AND BALANCES WITH OTHER BANKS

As at 31 December 2024	Local currency TZS '000	Foreign Currency TZS '000	Total TZS '000
Maturity within 1 month	-	-	-
Expected Credit Loss			
Total placement and balances with other banks	-	-	-

As at 31 December 2023	Local currency TZS '000	Foreign Currency TZS '000	Total TZS '000
Maturity within 1 month	-	3,688,582	3,688,582
Expected Credit Loss	-	(4,267)	(4,267)
Total placement and balances with other banks	-	3,684,315	3,684,315

Movement of impairment on placements and balance with Banks	**2024**	**2023**
	TZS '000	**TZS '000**
Balance at 1 January	4,267	8,008
Decrease in provisions	(4,267)	(3,741)
Balance at 31 December	-	4,267

20. LOANS AND ADVANCES TO CUSTOMERS

The Bank extends advances to personal, commercial and corporate sectors as well as the public sector. Advances made to individuals are mostly in the form of instalment credit, overdrafts and other loans. A significant portion of the Bank's advances to commercial and corporate borrowers consists of advances made to companies engaged in manufacturing, finance and service industries.

Term loans/consumer loans	24,724,505	45,735,771
Overdrafts	11,819,145	18,438,219
	36,543,650	64,173,990
Expected credit loss allowance	(2,775,741)	(565,443)
Net loans and advances to customers	33,767,908	63,608,546

The maturity analysis for loans and advances is as below:

Current	25,156,049	25,156,049
Non-current	8,611,860	38,452,498
	33,767,908	63,608,546

20. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

	2024 TZS '000	2023 TZS '000
Balance at 1 January	565,444	287,216
Charge during the year – Note 9	9,855,681	1,586,408
Loan written off	(7,645,383)	(1,308,180)
Balance at 31 December	2,775,741	565,444

Maturity analysis

	2024 TZS '000	2023 TZS '000
Maturing within 1 month	1,683,387	11,970,276
Maturing after 1 month but within 3 months	181,377	8,500,019
Maturing after 3 months but within 12 months	11,878,333	13,850,490
Maturing after 1 year but within 5 years	19,999,475	18,419,365
Maturity after 5 years	25,337	10,868,396
	33,767,909	63,608,546

21. DEFERRED INCOME TAX

Deferred income tax is calculated on all temporary differences under the liability method using the principal tax rate of 30%.

	1 January 2024 TZS '000	Movement TZS '000	31 December 2024 TZS '000
Property and equipment	45,281	(150,031)	(104,750)
*Other timing temporary difference	8,530,461	(429,616)	8,100,845
Temporary differences relating to RoU assets	309,874	(263,872)	46,002
Temporary difference relating to lease liabilities	(237,686)	317,428	79,743
Accumulated losses	851,273	(517,819)	333,454
	9,499,203	(1,043,909)	8,455,294
Deferred tax asset not recognised	9,499,203	1,043,909	8,455,294
Deferred tax asset recognised	-	-	-

	1 January 2023 TZS '000	**Movement TZS '000**	**31 December 2023 TZS '000**
Property and equipment	24,262	21,019	45,281
*Other timing temporary difference	4,053,357	4,477,106	8,530,463
Temporary differences relating to RoU assets	561,100	(251,226)	309,874
Temporary difference relating to lease liabilities	(1,270,044)	1,032,359	(237,686)
Accumulated losses	3,668,037	(2,816,766)	851,273
	7,036,712	2,462,491	9,499,203
Deferred tax asset not recognised	(7,036,712)	2,462,491	9,499,203
Deferred tax assets recognised	-	-	-

The unused tax losses of TZS 1,112 million (2023: TZS 2,838 million) for which no deferred tax asset has been recognized during the year have no expiry and are carried forward indefinitely.

*Other timing temporary difference includes the accrued expenses, the provisions and leases.

21. DEFERRED INCOME TAX (CONTINUED)

	2024 TZS '000	2023 TZS '000
The movement in deferred income tax balance during the year is as follows:		
Deferred tax balance at the beginning of the year	9,499,203	7,036,712
Deferred tax movement not recognized (Note 14)	(1,287,941)	2,462,491
Credit to profit or loss – prior year (Note 14)	8,211,262	9,499,203
Deferred tax asset not recognised	8,211,262	9,499,203
At the end of the year	**-**	**-**

The movement in deferred income tax balance during the year is as follows:

The deferred income tax asset of TZS 8,211 million (2023: 9,499 million) has not been recognised as in the director's opinion, the Bank may not generate sufficient taxable profits in the foreseeable future against which the deferred income tax asset can be utilised.

UNITED BANK FOR AFRICA (TANZANIA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

22. PROPERTY AND EQUIPMENT

	Leased premises refurbishments	Computer equipment	Motor vehicles	Office furniture & Equipment	Work in Progress	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS’000	TZS'000
Cost:						
At 1 January 2023	**3,872,415**	**1,471,218**	**430,454**	**3,691,701**	**162,524**	**9,628,312**
Additions	77,904	98,145	-	447,438	753,738	1,377,224
Reclassification	7,000	-		785,464	(794,445)	(1,981)
Write off	-	(2,959)	-	-	-	(2,959)
At 31 December 2023	**3,957,319**	**1,566,403**	**430,454**	**4,924,603**	**121,817**	**11,000,595**
Additions	179,847	22,232	211,710	161,983	24,642	600,414
Reclassification						
Write off	-	(2,784)	-	-	-	(2,784)
As at 31 December 2024	**4,137,166**	**1,585,851**	**642,164**	**5,086,586**	**146,459**	**11,598,225**
Accumulated depreciation:						
At 1 January 2023	**2,639,580**	**1,022,548**	**373,982**	**2,533,592**	**-**	**6,569,702**
Charge for the year	325,698	190,728	42,434	404,112		962,972
At 31 December 2023	**2,965,278**	**1,213,276**	**416,416**	**2,937,703**	**-**	**7,532,674**
Charge for the year	305,515	146,825	22,864	558,246	-	1,021,171
Write off	-	(2,237)	-	-	-	(2,237)
At 31 December 2024	**3,270,793**	**1,357,864**	**439,280**	**3,495,950**	**-**	**8,563,887**
Net book values:						
At 31 December 2024	**866,373**	**227,987**	**202,884**	**1,590,636**	**146,459**	**3,034,338**
At 31 December 2023	**992,041**	**353,128**	**14,038**	**1,986,636**	**92,402**	**3,467,659**

23 INTANGIBLES

	2024 TZS '000	2023 TZS'000
Cost:		
At 1 January	296,786	247,570
Additions	182,179	49,216
At 31 December	478,965	296,786
Accumulated amortisation:		
At 1 January	217,261	203,681
Charge for the year	47,607	13,580
At 31 December	264,867	217,261
Carrying amount	214,098	79,525

24 DEPOSITS DUE TO BANKS

Deposits and current accounts due to banks	26,413,080	15,518,822
	26,413,080	15,518,822

The above deposits from banks carry variable interest rates with a weighted average effective interest rate of 3.59%.
Deposit products include cheque accounts, saving account, call and fixed deposits.

25 DEPOSITS DUE TO CUSTOMERS

Current accounts	235,336	94,062,800
Call deposit	4,785,583	1,511,579
Savings account	12,497,025	13,325,239
Term deposit	65,509,869	24,513,462
Customer margin accounts	4,037,998	6,591,036
	87,065,812	140,004,117
Current	87,065,812	140,004,117
	87,065,812	140,004,117

26. OTHER LIABILITIES

	2024 TZS '000	2023 TZS'000
Non-financial liabilities		
Unearned processing fees	5,238,480	896,927
ECL on off balance sheet items	53,952	13,866
Other payables	511,000	5,465,232
	5,803,435	6,376,025
Accrued expenses (Financial liabilities)	570,782	689,320
	6,374,214	7,065,345

* Other liabilities include tax clearing accounts worth TZS 358 million compared to TZS 1.1 billion of prior year, TZS 1.4 billion settlement accounts Compared to TZS 804 million of prior year and the remaining portion relates to unclaimed balances.

27. COMMITMENTS

(a) Capital commitments

At 31 December 2024, the Bank had no capital commitments in respect of equipment purchases (2023: Nil)

(b) Loan commitment, guarantee and other financial facilities

At 31 December 2024, the Bank had contractual amounts of the Bank's off-balance sheet financial instruments that commit it to extend credit to customers, guarantee and other facilities as follows:

		2024 TZS'000	2023 TZS'000
Unutilised facilities and other commitments		17,465,650	12,324,898
Guarantees and standby letters of credit		379,849,761	513,555,582
		397,315,411	525,880,480
Guarantees and standby letters of credit by currency			
	TZS	95,584,491	47,290,367
	USD	284,265,270	466,265,215
		379,849,761	513,555,582
Unutilised facilities and other commitments by Currency			
	TZS	17,098,750	273,645
	USD	366,900	12,051,253
		17,465,650	12,324,898

28. RIGHT-OF-USE ASSETS

	2024 TZS'000	2023 TZS'000
Cost:		
At 1 January	3,776,299	3,776,299
Additions	2,105,553	-
Lease modification	688,442	-
Derecognition	(1,060,550)	-
At 31 December	5,509,744	3,776,299
Accumulated depreciation:		
At 1 January	(2,743,388)	(1,596,043)
Charge for the year	(1,299,659)	(1,147,345)
Derecognition	1,060,550	-
Lease modification	98,816	-
At 31 December	(2,626,064)	(1,032,911)

The Bank's leases include the lease of ATM sites, branch premises and residential apartments for expatriates.

29. LEASE LIABILITY

	2024 TZS'000	2023 TZS'000
At 1 January	792,285	1,800,067
Additions	2,105,553	-
Lease modification*	770,138	
Interest expense (disclosed as finance expense)	101,241	65,359
Lease rentals paid		
Principal rental paid	(1,574,124)	(1,067,662)
Interest expense paid	(89,039)	(66,210)
Foreign exchange gain on lease payments	102,459	60,731
At 31 December	2,208,513	**792,285**
Current	792,285	524,909
Non-current	1,416,228	267,375
	2,208,513	792,285

The following is the impact of lease in profit and loss

	2024 TZS'000	2023 TZS'000
Depreciation of right of use asset	1,299,659	1,147,345
Forex exchange gain on lease payments	102,459	60,731
Gain on lease modifications	17,120	-
Finance cost	101,241	65,359
Total	**1,400,900**	**1,212,704**

*The lease modification is as a result of changes to the lease terms of the respective lease arrangements and the amounts payable to the lessor.

30. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

Cash in hand (Note 15)	3,980,876	4,293,361
Clearing account with Bank of Tanzania (Note 15)	25,471,196	8,475,698
Balances with other banks (Note 19)	-	3,684,315
	29,452,072	16,453,374

31. RELATED-PARTY DISCLOSURE

Related parties are companies which are related to United Bank for Africa (Tanzania) Limited through common shareholding or directorships.

A number of Banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions.

The related party transactions, outstanding balances at the year end and the related expenses and income for the year are as follows:

(i) Loans and advances to Banks

Loans and advances to Banks comprise nostro balances, overdrawn nostro balances, interbank placements and other short-term lending. Outstanding balances as at 31 December 2024 and 2023 are as follows:

Loan and Advances to Banks

	2024 TZS'000	2023 TZS'000
UBA New York	-	3,687,000
	-	3,687,000
Interest Income		
UBA Cote D'Ivoire	42,296	-
UBA Kenya	18,714	-
UBA Mozambique	11,424	-
UBA Nigeria	48,877	-
UBA Ghana	13,932	-
UBA New York	99,836	-
UBA Sierra Leone	7,289	-
UBA Capital Europe	51,115	-
	293,483	-

The loans and advance to related parties are interest bearing, the weighted average interest rate is 16%, they are repayable within twelve months.

(ii) Deposits from Banks

Deposits from Banks comprise nostro balances and other deposits.

Placements/inter borrowing - Kenya	18,714	-
Interest Expenses		
UBA Kenya	214	-
	214	-

31. RELATED PARTY DISCLOSURES (CONTINUED)

(iii) Key management compensation

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank directly or indirectly.

Salaries and short-term benefits	**2024**	**2023**
	TZS'000	**TZS'000**
Salaries and other short-term benefits	2,762,421	2,024,512
Post-employment benefits – defined contribution plan	276,242	202,451
	3,038,663	2,226,963

Directors' emoluments

Emoluments of directors in respect of services rendered

Directors' emoluments Note 13	493,967	340,950

Loans and advances to key management personnel

Loans and advances:		
Loans outstanding at the beginning of the year	589,325	1,006,011
Loans issued during the year	34,789	33,486
Loan repayments during the year	(284,436)	(450,172)
Loans outstanding at the end of the year	339,678	589,325

Loan loss provisions on loan to key management personnel was computed along with other loan provisions however, there is no deterioration of this loan portfolio which have an impact to the Bank.

The loans issued to key management personnel during the year of TZS 35 million (2023: TZS 33 million) are repayable on monthly basis over a period between four years and carry off-market interest rate of 8% (2023: 8%) The loans to key management during the year were unsecured except for those issued above seven years under commercial terms or loans which are secured against a legal mortgage. If all Key Management Personnel loans were to be repriced at market interest rate of 15% p.a (2023: 15% p.a), the net impact on profit or loss would have been an increase in profit before tax by TZS 23 million (2023: TZS 48 million).

iv) ***Deposits from key management personnel***

Deposits		
Deposits outstanding at the beginning of the year	151,435	146,680
Deposits received during the year	1,823,198	1,336,178
Deposits repaid during the year	(1,948,675)	(1,331,423)
Deposits outstanding at the end of the year	25,957	151,435

The above deposits are unsecured, carry zero interest rates and are repayable on demand.

31. RELATED PARTY DISCLOSURES (CONTINUED)

v) **Related party relationship**

The following companies which are related to United Bank for Africa (Tanzania) Limited through common shareholding.

s/n	Name	Relationship
1	UBA Cote D'Ivoire	Sister Company
2	UBA Congo Brazzaville	Sister Company
3	UBA Nigeria Plc	Sister Company
4	UBA Burkina Faso	Sister Company
5	UBA Sierra Leone	Sister Company
6	UBA Congo DRC	Sister Company
7	UBA Mozambique	Sister Company
8	UBA Senegal	Sister Company
9	UBA Liberia	Sister Company
10	UBA Cameroon	Sister Company
11	UBA Uganda	Sister Company
12	UBA Zambia	Sister Company
13	UBA Ghana	Sister Company
14	UBA Kenya	Sister Company
15	UBA Guinea	Sister Company
16	UBA Benin	Sister Company
17	UBA Gabon	Sister Company
18	UBA Chad	Sister Company
19	UBA Capital Europe	Sister Company
20	UBA New York	Sister Company
21	UBA Mali	Sister Company

32. HOLDING COMPANY

The ultimate holding company is United Bank for Africa Plc, a Bank incorporated in Nigeria.

33. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Bank uses the same basis of expected repayment behaviour that was used for estimating the EIR. Issued debt reflects the contractual coupon amortisation.

	2024	2023
Financial assets	**TZS '000**	**TZS '000**
Cash and balances with Bank of Tanzania	34,695,163	23,808,067
Placements and balances with other banks	-	3,684,315
Loans and advances to customers	33,767,908	63,608,546
Investment securities	71,559,610	77,522,558
Other assets	3,930,648	24,044,623
	143,953,329	**192,668,109**
Financial Liabilities		
Deposits due to banks	26,413,080	15,518,822
Deposits due to customers	87,065,812	140,004,117
Other liabilities	5,835,800	1,600,113
Lease liability	2,208,513	792,285
	121,523,205	**157,915,337**

33. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

As at 31 December 2024 in TZS Thousand

Assets		**Within 12 months**	**After 12 months**	**Total**
Cash and balances with Bank of Tanzania	15	34,695,163	-	34,695,163
Loans and advances to customers	20	13,743,097	20,024,811	33,767,908
Investment securities at amortised cost	16	61,658,810	9,900,800	71,559,610
Other assets	17	4,811,222	-	4,811,222
Property and equipment	22	-	3,034,338	3,034,338
Right-of-use assets	28	-	2,626,065	2,626,065
Intangibles	23	-	214,098	214,098
Total assets		114,908,292	35,800,112	150,708,404
Liabilities				
Deposits due to Banks	24	26,413,080	-	26,413,080
Deposits due to customers	24	87,065,812	-	87,065,812
Other liabilities	25	6,374,214	-	6,374,214
Income tax liability	14	779,379	-	779,379
Lease liability	29	792,285	1,416,228	2,208,513
Total liabilities		**121,424,770**	**1,416,228**	**122,840,998**
Net		**(6,516,478)**	**34,383,884**	**27,867,406**

As at 31 December 2023 in TZS Thousand

Assets		**Within 12 months**	**After 12 months**	**Total**
Cash and balances with Bank of Tanzania	15	23,808,067	-	23,808,067
Placements and balances with other Banks	19	3,684,315	-	3,684,315
Loans and advances to customers	20	34,320,785	29,287,761	63,608,546
Investment securities at amortised cost	16	67,621,758	9,900,800	77,522,558
Other assets	17	24,807,309	-	24,807,309
Property and equipment	22	-	3,467,659	3,467,659
Right-of-use assets	28	-	1,032,911	1,032,911
Intangibles	23	-	79,525	79,525
Total assets		154,242,234	43,768,656	198,010,890
Liabilities				
Deposits due to Banks	24	15,518,822	-	15,518,822
Deposits due to customers	24	140,004,117	-	140,004,117
Other liabilities	25	7,065,345	-	7,065,345
Income tax liability	14	1,171,485	-	1,171,485
Lease liability	29	524,909	267,376	792,285
Total liabilities		**164,284,678**	**267,376**	**164,552,054**
Net		**(10,042,444)**	**43,501,280**	**33,458,836**

35. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting date that require disclosure or adjustments to the financial statements as at the date of this report.

36. REGULATORY RESERVES

Impairment provisions determined in accordance with the Financial Institutions (Credit Classification and Provisioning) Regulations:

The regulatory credit risk reserve represents an appropriation from retained earnings to comply with the Financial Institutions (Credit Classification and Provisioning) Regulations, 2005. The reserve represents the excess of impairment provisions determined in accordance with these regulations over the impairment provisions determined in accordance with IFRS 9 Financial Instruments. The reserve is not available for distribution to shareholders.

	Note	2024 TZS	2023 TZS
Specific provision - IFRS 9	**20**	2,775,741	565,444
Provision as per BOT Requirement		8,206,435	6,198,350
Transfer to regulatory reserve		**5,430,694**	**5,632,906**